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Department of Labour, Canada

HON. JAMES MURDOCK - - - - - MINISTER OF LABOUR

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COMBINES INVESTIGATION ACT, 1923

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# INVESTIGATION INTO ALLEGED COMBINE LIMITING COMPETITION IN THE MARKETING OF NEW BRUNSWICK POTATOES

Interim  
Report of Registrar

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June 9, 1925







Department of Labour, Canada

HON. JAMES MURDOCK - - - - - MINISTER OF LABOUR

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*COMBINES INVESTIGATION ACT, 1923*

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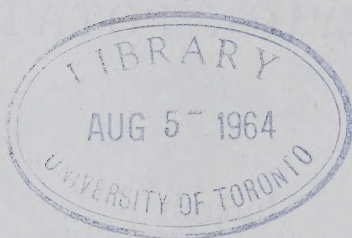
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Hon. JAMES MURDOCK,  
Minister of Labour,  
Ottawa.

OTTAWA, June 9, 1925.

SIR,—Complying with your instructions, the undersigned has the honour to submit an interim report of the investigation into an alleged combine operating to limit competition in connection with the marketing of the potato crop of New Brunswick.

It has not been possible to complete the investigation at this date, partly owing to the inability of a witness, at present in Cuba, to come to Canada; representations have been made by the agent of the applicants and also by the parties complained against to the effect that the evidence of this witness is essential to the completion of the investigation, and he has been requested to submit himself for examination; further, certain information requested of Guy G. Porter Co., Ltd., Perth, N.B., Messrs. C. E. Gallagher & Co., Bath, N.B., and Hatfield and Co., Ltd., Hartland, N.B., has not yet been furnished.

HARRY HEREFORD,  
*Registrar,*  
*Combines Investigation Act.*



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# REPORT OF HARRY HEREFORD, M. S. I. E., REGISTRAR, OF THE COMBINES INVESTIGATION ACT, 1923

OTTAWA, June 9, 1925.

## PART I

### INTRODUCTION

Following a formal application under section 5 of the Combines Investigation Act, 1923, signed by six British subjects resident in Canada, of the full age of 21 years, the undersigned Registrar having been instructed by the Hon. James Murdock, Minister of Labour, to investigate an alleged combine operating to limit competition in connection with the marketing of the New Brunswick potato crop, reports as follows:—

The companies named in the application as parties to the alleged combine are three in number, but it has been necessary to examine members of other firms, some of whom operated in association with the firms complained of, while others operated in competition with them.

Evidence has been taken under oath at various places, and books and records examined. The examination of witnesses has been by request held at points easily reached by them, and in many instances at night time for their convenience. Some difficulty was experienced in conducting proceedings on account of lack of proper accommodation at the points visited, and the necessity of holding evening sessions in unheated premises at the coldest season of the year, sometimes by candle light.

The Registrar has had the assistance of Mr. P. J. Hughes, K.C., of Fredericton, N.B., instructed by the Department of Justice to act as legal counsel; also of Mr. H. S. Dagg, of the Department of Labour's accounting staff; of Mr. E. R. Jackson, temporarily engaged for the investigation; and of Mr. S. D. Simmons, of Fredericton, N.B., who acted as official stenographer; and he takes this opportunity of expressing his thanks for the assistance of these gentlemen who, during the investigation, worked long hours and were subjected to many inconveniences by reason of the conditions set forth above. The opportunity is also taken of expressing thanks to Mr. L. F. Burrows, former Chief of the Markets Extension Division of the Fruit Branch of the Department of Agriculture, now Secretary-Treasurer of the Canadian Horticultural Council, who from time to time furnished information which has been of considerable assistance.

In most cases witnesses gave their evidence with apparent candour, although in a few instances frankness was obviously lacking. In reviewing the manner of giving evidence, especially noticeable was the reluctance of farmers to appear before the Registrar, due no doubt to fear of discrimination against them by potato dealers. This matter is further mentioned elsewhere in this report.

### THE APPLICATION FOR INVESTIGATION

The application for an investigation under the Combines Investigation Act, 1923, dated November 29, 1924, was received by the Registrar on December 4, 1924. Previous to this date (in January, 1924), the situation complained of had been submitted to the Registrar, together with certain documentary evidence, and later in the year (November 14, 1924), certain additional information with regard to the matter was brought to his attention and the matter was then dis-



cussed with the Chief of the Markets Extension Division of the Department of Agriculture, Mr. L. F. Burrows. After the formal application for investigation was received, the matter was further discussed with Mr. Burrows, who was asked to furnish certain information regarding the matter. Mr. Burrows, who had been in touch with the situation, addressed a memorandum dealing with the matter to the Registrar under date of December 10, 1924, in which he stated:—

It is evident to me that the potato situation in New Brunswick is absolutely controlled by the shippers and that the potato growers receive practically no benefit from market advantages. The situation of the potato growers in New Brunswick is entirely unlike the apple growers. They are unable to ship independently to the Cuban market as it is impossible for them to individually charter boats and possibly, if they were to do so, to sell upon the Cuban market.

The application for an investigation was submitted in accordance with section 5 of the Act and authorized Mr. T. W. Caldwell, M.P., of Florenceville, N.B., to represent the applicants for the purpose of receiving any communications to be made pursuant to the Act. The applicants stated that they were of opinion that a combine existed with respect to the marketing of the potato crop in New Brunswick, such combine having the effect of preventing the potato growers from obtaining a fair price for their product by limiting competition in the buying, transporting and sale of potatoes. In the affidavit accompanying the application it is stated in effect:—

(a) That the combine complained of existed between the Guy G. Porter Co., Ltd., of Perth, N.B., Hatfield and Co., Ltd., Hartland, N.B., and C. E. Gallagher and Co., Bath, N.B., all potato dealers.

(b) That this group of dealers, after first urging that the Government establish a public frost-proof warehouse at the port of St. John, afterwards conceived the idea of establishing a warehouse at their own expense so that they might be in a position to control the export of potatoes from St. John during the winter months.

(c) That O. R. Estey, Woodstock, N.B.; B. F. Smith, Florenceville, N.B.; Messrs. Johnston and Turbill, Debec, N.B.; and Harry L. Bell, Woodstock, N.B., who had formed an export company to ship potatoes to Cuba were forced to join with the Porter-Hatfield-Gallagher group on terms dictated by the said group.

(d) That the two groups of shippers thus merged (about February 1, 1923) arranged a common purchasing price in New Brunswick and a common selling price in Cuba in so far as was possible, with the result that prices were forced up in Cuba without any corresponding price advantage to the potato growers in New Brunswick.

(e) That during the summer of 1923 A. D. McCain, of Florenceville, N.B., Fred. W. Pirie of Grand Falls, N.B., Thos. Noddin of Woodstock, N.B., Chipman Phillips of Woodstock, N.B., Henry Phillips of Pembroke, N.B., and Wilson, Patterson and Gifford of St. John, N.B., formed another organization for the purpose of exporting potatoes to Cuba and were allowed to buy and export potatoes until about the end of November, 1923, when the Porter-Hatfield-Gallagher group by their actions forced McCain and his associates to make an agreement with their group similar to the agreement made between that group and O. R. Estey and his associates in February, 1923, with the result that the growers "have not since that time received the price they should have received for their potatoes."

It was also stated in evidence that as a result of the actions complained of in the affidavit accompanying their application for an investigation: "The farmers weren't getting a square deal; that is, they weren't getting the share of the sale price of these potatoes that they were entitled to; that is, the shippers . . . were taking too large a profit" (p. 231), and further, "the price (to the



grower) when it dropped . . . appeared to be uniform all up and down the line . . . would indicate . . . that there must be some understanding," whereas "in previous years the price varied considerably" (p. 255); or as it may be concisely stated, the excessive spread (as it appeared to the applicants) between the purchase and the selling price, coupled with the uniformity of purchase price referred to, led the applicants to form the conclusion that there must be some agreement between the purchasers which had the effect of eliminating competition.

Since the Fordney Act, placing a tariff of 50 cents per 100 pounds on potatoes exported from Canada to the United States, became effective in September, 1922, the principal export market for New Brunswick table stock potatoes has been Cuba.

The development of the Cuban market is dealt with elsewhere in this report, but it may be stated here that competition for the Cuban potato trade led to strife between various buyers and groups of buyers in New Brunswick and between these buyers and Cuban concerns, information of which reaching the farmers growing potatoes was responsible for a feeling of dissatisfaction which, coupled with prevailing low prices, apparently caused them to feel that there were forces at work which were detrimental to their interests, and which they thought it necessary to investigate.

## PRODUCTION AND PRODUCERS

The most recent official figures available regarding the potato crop in New Brunswick are those in the Annual Report of the Agricultural Branch of the Dominion Bureau of Statistics for 1924, as follows:—

Area . . . . .	46,231 acres
Yield per acre . . . . .	155.8 cwt.
Total yield . . . . .	7,203,000 cwt.
Average price . . . . .	.42 bushel
Total value . . . . .	\$3,025,000.00

While the above figures refer to the province of New Brunswick as a whole, it may be said that the growing of potatoes is chiefly carried on in the circumscribed area of a few counties.

The matters dealt with in this report are mainly concerned with potatoes grown for table use (although the tabulation given above includes seed stock), the principal varieties being Irish Cobblers and Green Mountains; the latter named of these gives the larger yield, but crops a little later than the first mentioned. Bliss and other varieties are grown for seed, but excepting when otherwise stated table stock is indicated in this report when potatoes are mentioned.

The potato growers of New Brunswick are mostly engaged in general farming operations, raising in varying degrees other crops than potatoes. The area devoted to potatoes by the individual farmer who raises this crop varies from 10 to 50 acres, but the majority of potato growers do not grow more than from 10 to 15 acres.

The condition of potato growers in the chief potato growing district of New Brunswick to-day is one of some concern. C. F. Gallagher, of Bath, N.B., a general storekeeper and one of the potato buyers named in the application for an investigation, testified as follows (p. 1996):—

Q. The great majority of the farmers have held their potatoes?—A. They have held a percentage of them.

Q. And they have large losses generally?—A. Yes, they will have heavy losses.

Q. That seems to have been going on very much for the last four or five years?—A. Last year the farmers made some money.

Q. And that is the only year in four or five that they have, isn't it?—A. I think it is.

Q. And in some places the farmers are really leaving their farms and getting out?—A. They have.

Q. Is that true of this vicinity here?—A. Yes, it is.

Q. Have there been many farms abandoned?—A. Well, they aren't exactly abandoned. Some of the neighbors are perhaps working them—that is, cutting the hay or seeding them; but the families have moved from them.

Q. And left the farms vacant?—A. Yes.

Q. Where do they go, generally?—A. Most of them go across the border. Some have gone to Detroit, but quite a number have gone to the New England States.

Q. Would you have any idea about how many have gone from this vicinity in that way?—A. Oh, I should say ten per cent.

Q. Ten per cent of the people?—A. I think so.

Q. In what period?—A. Within the last four or five years.

Q. They have just left their farms and gone?—A. Yes; abandoned their farms—got in debt.

Q. And is that largely due to the growing of potatoes?—A. I don't know. I presume that was the start of it—with high-priced fertilizer. They got in debt, and have been planting, trying to get out, and they have been getting in further.

(p. 1998) Q. This trouble began about four or five years ago, didn't it?—A. Yes.

Q. And the farmers, I suppose—many of them—have had to give mortgages on their property, to carry on?—A. Yes, many of them.

Q. There has been a good deal of that, has there?—A. A great many.

S. J. Burlock, M.L.A., also dealt with this subject in his evidence (p. 2015-16) as follows:—

Q. You spoke about farms being mortgaged and farms being left. I have heard that many farmers are leaving New Brunswick?—A. Yes, that is a fact.

Q. What would you say as to a percentage—have you any idea along that line?—A. Yes, I have an idea. About three weeks ago I called up the office of the American Vice-Consul here, and he told me that the two weeks previous to that there was 155 left Florenceville, Hartland, Woodstock and vicinity, and I asked him how they classified in regard to vocation—farmers and farm helpers—and it is interesting to note that that is right through the potato growing section.

(p. 2016) Q. Is this going away in such large numbers of recent origin?—A. Yes, it has been going on for three or four years, but I think the number that went this year—there has been a considerable increase in the number that went this year. I mentioned Florenceville and Hartland and Woodstock. Our doctor at Bristol—my shipping point—issues the health certificates to people that go from there. He said that up to the first of March he didn't charge anything for those certificates; and I was talking with him probably the latter part of March, and he says, "Through March I have been charging a dollar apiece, and I have got over \$50 in that fund already."

The condition referred to above is not one of very recent growth for it was referred to by Guy G. Porter when giving evidence before a Committee of the House of Commons on Railway Transportation costs June 5, 1922, (Committee Report p. 376) as follows:—

In potato growing sections of New Brunswick, like Carleton, Victoria, York, Madawaska and other countries on the north shore, the potato, like wheat in the west, is the principal crop and the farmers having lost 50 per cent of the value of their crops for two years are in a very bad condition, financially. The potato crop is an expensive crop to raise, it being necessary to use chemical fertilizer which has been and still is very expensive material, so when the farmer loses half his crop, and is called upon to pay his fertilizer bill he is obliged to dig up the money from some other source, and mortgages are being fixed at an enormous rate bearing interest in most cases from 8 to 12 per cent, and unless we get a change in conditions in the very near future, these mortgages will become as permanent a fixture as the buildings.

Holland Estey, of Florenceville, N.B., one of the applicants for the investigation, himself a farmer, growing potatoes, said in evidence (p. 1258):—

A. We raise oats and hay and peas, and so on; but you couldn't raise hay and oats and pay for your salt.

Q. That is worse even than potatoes?—A. If we can't raise potatoes and get something out of them, we have got to move away.



(p. 1267)

I know one thing—I would like to get a little more out of the potatoes if we are going to stay here.

Q. If you don't get any more, what is the result?—A. Well, I don't know what the result is going to be. We have got to leave this country if we can't find something else.

Q. Are some of the farmers getting out now?—A. Lord bless my soul—I would think so.

In addition to the farmer potato growers, several of the principal buyers raise potatoes, this activity being of some concern to the farmer growers. One representative farmer grower referred in evidence (p. 2013) to dealers growing potatoes as follows:—

That phase of the potato situation to-day has been looked on seriously from the standpoint of the farmer—the grower. It is increasing—I have understood that the acreage these buyers are planting from year to year is increasing, and also I have understood that they contract in the spring with the farmers or growers to take a certain amount of potatoes for fertilizer, and as a rule the contract calls for the delivery of those potatoes at an early date, and they also have those. . . . we know in several sections that farmers, due to the fact that they became financially embarrassed by growing potatoes—that their farms are being sold under mortgage in several cases to potato buyers who have advanced them fertilizer, and it gave them a chance to get an increased acreage, and they have to raise something on those farms, and it is being looked on as giving those fellows a chance to increase their acreage and grow more potatoes.

Such dealer-growers have the disposal of their own crops to consider before handling the farmers' potatoes, and are thus able to secure for themselves the advantage accruing from sales on the early market.

### COST OF PRODUCTION

It has been difficult to arrive at the cost of producing potatoes, although both dealers and growers who gave evidence in several cases furnished estimates of the cost of production; their estimates varying from \$50 to \$105 an acre. This wide variation is explained by the fact that some witnesses included in their estimates items which others ignored.

The expenditures to be considered in arriving at the cost of potato production include the following items:—

- Land rent,
- Ploughing and harrowing,
- Seed,
- Fertilizer,
- Planting,
- Cultivating and horse hoeing,
- Spraying,
- Digging and picking,
- Haulage and storage,
- Depreciation on machinery.

Some witnesses did not include labour in their estimates, some omitted rent, others omitted more than one item, some allowed for spraying and some did not, some allowed for more fertilizer than others. Furthermore, estimates of the charges for each item varied—for instance, one witness—a dealer, who also grows potatoes—valued land at 25 cents per acre, as confirmation stating: “I don't think you could sell a farm in the province of New Brunswick to-day; you would have to give it away” (p. 487). Another witness—a tenant farmer—included in his estimate \$5 per acre for rent (Exhibit 98). H. H. Hatfield gave evidence before the special Committee of the House of Commons on Agricultural Conditions, May, 1923, as follows (p. 1414):—

Q. What do you think it costs to grow a bushel of potatoes?—A. I would think 40 cents a bushel in New Brunswick (equivalent to \$1.10 per barrel).

It is likely that the correct cost is nearer to the high figure mentioned than the low one, and that with last harvest's yield of 150 barrels of Green Mountains and 100 barrels of Irish Cobblers to the acre, 70 cents may be taken as a conservative average estimate of the cost of producing a barrel of 165 lbs. of potatoes in 1924.

## DISPOSAL OF CROP

It is the custom of the potato growers in New Brunswick to sell their potatoes to the dealers at a certain price per barrel of 165 pounds delivered at the warehouse or the railway car.

In some instances the farmers have frost-proof potato houses in which they can store their potatoes until they are ready to haul them to the buyers' warehouses, but in other cases they have no such storage facilities and must dispose of their crop before there is any danger of damage by frost.

The potato dealers maintain potato houses at various points at which they employ "buyers" who purchase potatoes as they are hauled in by the growers. In some cases dealers employ buyers to operate at sidings where there are no potato warehouses, the potatoes being loaded directly into the railway car.

The potatoes are bought on grades fixed by the Root Vegetables Act, 1922.

In some instances the potato dealers are heavily interested in the sale of fertilizer to the growers—selling fertilizer to the farmer in the spring frequently on credit, the farmer contracting to deliver potatoes in payment of fertilizer bills when called on, and being credited with the value of the potatoes according to the prevailing price. If the potato dealer also handles general merchandise the farmers may in the same way turn in potatoes to liquidate any credit they may have been extended by the store.

Examples of forms of fertilizer agreements in use are shown in Appendix 2. In one instance (Exhibit 30) it will be observed that the practical effect of the agreement is to bind the grower to deliver all potatoes to the fertilizer supplier, and in the other instance (Exhibit 85-a) the grower only contracts to deliver sufficient potatoes to satisfy his actual indebtedness.

The New Brunswick Potato Exchange, Ltd., handles sales in Canadian markets but according to the evidence of the manager, does not come in contact with the grower, and speaking generally the grower sells all his potatoes to the dealers who market their purchases through the Exchange or through other brokers.

The farmers cannot ship independently to the Cuban market as it is impossible for them to individually charter boats.

## CO-OPERATIVE SHIPPING

During the summer of 1919 the United Farmers' Co-Operative, Limited, which carried on a merchandising business in New Brunswick, became interested in the handling of potatoes, as a result farmer shareholders at various points agreed on the shipment of their potatoes through the manager of the Co-Operative, the arrangement being that any growers who disposed of their potatoes in this way were to share in the profits or losses pro rata according to the quantity they shipped; this arrangement was of the nature of a partnership, and outside of the United Farmers' Co-Operative, Limited. On the first season's business there were profits of about \$10,000, which were divided in the spring of 1920 amongst the farmers participating in the arrangement.

In 1920 the United Farmers' Co-Operative decided to still further encourage the co-operative potato handling movement, and opened a produce department



under a manager. To carry out the plan, branches were inaugurated at Woodstock, Bath, Bristol, Andover, Grand Falls, Peterson and Rosborough, and operated along the same lines as in 1919. That is, any farmers desiring to ship signed an agreement arranging for a pro rata division of profits or losses as the case might be. The buying was done by the local manager of the Co-Operative store.

The selling was done through the Manager of the Produce Department at Woodstock, the branches shipping on instructions from the manager, and the head office getting a brokerage of \$10 a car. The greater part of the potatoes were shipped to Boston on consignment on a declining market, and the losses were heavy. The losses were probably not only due to the state of the market, but also to the heavy overhead under which the venture was handled. Potato warehouses had to be rented, and probably more help was utilized, and paid for, than the business warranted.

Apparently, the farmers lost heart with the losses referred to, and they have not since endeavoured to ship co-operatively, but have instead sold to dealers.

A. D. McCain in evidence stated that he was of the opinion that an organization should be formed by the growers to handle their own potatoes (p. 1180), but the Guy Porter Co., Ltd., were opposed to a co-operative movement, as may be seen from their letter of June 22, 1923:—

June 22, 1923.

Messrs. C. E. GALLAGHER Co.,  
Bath, N.B.

GENTLEMEN,—We note your letter of the 18th in regard to the proposed potato association as put forward by Mr. Hicks of the Department of Agriculture. It might be a good idea for us to go to Fredericton and hear what they have to say, but at the same time we cannot express our opposition too strongly to any half baked marketing scheme founded by any two by four employees at the Department of Agriculture. All such organizations have been a distinct failure both for the producer and the buyer and have caused a loss to the legitimate potato shippers. Our contention is now and always has been that the grower province is in growing his potatoes, and that the marketing of them can safely be left to legitimate shippers who have an established business. We believe this system turns in more money to the grower than any other system yet devised, and that we have got to be very careful not to give any encouragement to the pipe dream of some job hunter who is out to make a soft job for himself at the expense of the farmers and business men generally.

Yours truly,

GUY G. PORTER CO., LIMITED.

LAH-K  
(Exhibit 37.)

A later letter written to Mr. C. A. Powers of Fort Fairfield, Maine, by L. A. Hutcheon, Vice-President of the Guy G. Porter Co., Ltd., also indicates a similar unsympathetic attitude towards Farmers' Co-operative organizations.

GUY G. PORTER CO., LIMITED

THE POTATO PEOPLE

PERTH, N.B., CANADA, February 11, 1924.

Mr. C. A. POWERS,  
Fort Fairfield, Me.

DEAR SIR,—We enclose herewith copy of letter we wrote on January 2nd to Mr. R. C. Shrieve, Rochester, N.Y., together with his reply under date of February 7. You will recall while we were discussing this Co-op deal one night last fall at the Plymouth that you told me that the Fort Fairfield National Bank had practically a million dollars loaned to the farmers in and about Fort Fairfield and that the independent farmers had been taking care of their loans in good shape but up to that time the Co-op farmers had not taken care of any of their loans. This is the gist of the conversation if my memory tells me correctly. If this is correct would you care to have the statement published as per Mr. Shrieve's request. We would of course not think of connecting your name with the statement of this kind without your

permission. We would like to have your reply along with return of the enclosed correspondence. With kindest regards.

Yours very truly,  
L. A. HUTCHEON.

LAH.PMJ.

From the tenor of Mr. Powers' reply, it appears that he may be connected with the bank referred to in Hutcheon's letter. The reply is given below:—

### C. A. POWERS & COMPANY

SPECIALIZING POTATOES

FORT FAIRFIELD, MAINE, February 21, 1924.

GUY PORTER Co., Ltd.,  
Perth. N.B.

GENTLEMEN,—Yours of the 11th unanswered as I have been on a trip West for ten days and away from the office. Ed has been away since Saturday as his father died in Boston Friday. I have read the enclosed letter with interest but I would rather not have the statement in reference to the Bank, published at all, as we have some very good customers among the Co-ops and while the statement is true, do not think it would be good advertising for the Bank. The suggestion to the concern in New York to send a representative here and would be money well invested and then they could go back to their people and give them the information first hand. I made this same suggestion at Minneapolis to some members of the Chamber of Commerce and they almost said they would go to this expense and do this, whether they will or not I do not know.

I am enclosing a little poetry I received today from Watertown, Mass. I do not know who wrote it but it will help to cheer you on your way. Do not fail to get the *New York Packer* of February 16th if you do not take this paper, do so at once and keep in touch with things.

Very truly yours,

CAP/F

(Sgd.) C. A. POWERS & CO.

An extract from the poetry mentioned in the above letter follows:—

Come all you jolly farmers  
I pray you lend an ear  
To as true a little ditty  
As ever you did hear.  
Now don't you get excited  
For its only a little fun  
To tell you of the Co-ops  
And how badly they got stung.

The Co-ops are dead  
Those poor old boys  
We'll hear them rave no more.  
It broke their hearts  
When they could not sell  
As they used to sell before.

### HOW THE PRICE PAID TO GROWERS IS ARRIVED AT

Contrary to a feeling existing to a certain extent amongst growers there is no precise relation between the cost of production and the price the grower can obtain for his potatoes. The ruling factor is demand and its relation to supply. That is to say, the prices paid to growers should, generally speaking, be based on the market prices. According to the evidence of L. A. Hutcheon, Vice-President of the Guy G. Porter Company, Limited, in general charge of buying operations, the buying season commences in the early part of September—sometimes in August—and the buying price is set after inquiries have been made as to the prevailing prices in the various markets that normally buy New Brunswick potatoes, *i.e.*, Toronto, Montreal and Havana, Cuba. The early market, the witness stated, is sometimes influenced by the fact that Havana from June to September receives 90 per cent of its supply from the United States, and when there are big crops in Virginia, New Jersey, and Long Island



the price is so low that New Brunswick early potatoes cannot be shipped to Cuba and are, therefore, sent to the Montreal market. Other witnesses gave evidence along similar lines.

There are some minor factors responsible for the prices paid to the grower, as, for instance, in bad weather it may be necessary to offer more to induce the growers to haul their potatoes, and in the fall such growers as have no frost-proof storage are compelled to dispose of their potatoes to dealers who have storage facilities, possibly at a lower price than the market dictates; or, as sometimes happens, potatoes are turned in to a storekeeper or a fertilizer dealer to liquidate an account, and a price not based on the market is allowed.

With natural competition between buyers, the grower would be sure of the highest price the market would allow, but owing to the manipulations of the buyers the prices paid to the farmer have been artificial.

An important factor affecting the price paid to the grower was the competition between the dealers shipping to Cuba which is referred to in detail elsewhere in this report.

A potato dealer, H. H. Hatfield, of Hartland, N.B., in evidence before the Special Committee of the House of Commons, May, 1923, referred to the situation in the following words (p. 140 Committee Report):—

Our brokers in Havana were just trying to see how much they could sell and they were beating down the price all the time, and we were lowering the price to the farmer in turn.

Another potato dealer, Mr. C. W. Clark of Woodstock, N.B., stated in evidence during the present inquiry (p. 329) that he agreed with the above quoted evidence of Mr. Hatfield.

Herbert Johnston, a potato dealer of Woodstock, N.B., gave evidence on the point as follows (p. 460):—

Q. You have already told me that you knew of the two brokers in Havana cutting prices and bidding under one another, and as a consequence you received lesser prices here. You approved of that for some time, I suppose?—A. Yes.

Q. And as a result I suppose you had to reduce the price here?—A. Yes.

Q. That you paid to the producer here?—A. Well, of course, if we were selling for less money in Havana, the price would have to come down here.

Q. Then you did reduce the price here to the producer?—A. Yes.

Q. So that this under-selling of your brokers in Havana resulted directly in a reduction of the price to the producer here?—A. Well, I don't know whether I would put it that way or not.

Q. Well, how would you put it?—A. Well, of course, you take people like Porter and Hatfield and Gallagher, that has maybe 75,000 barrels of potatoes stored up, and have to have a market for them—of course I never carry no stock; Estey never carries any stock to amount to anything—but those people felt they had to sell—keep their stock going—and as they had their stuff on their hands here and wasn't able to sell for a good price in Havana, they would certainly have to drop the price here.

Q. If they had potatoes in large quantities in storehouse, how would that affect the price to the farmer?—A. If potatoes were selling slow they would have to unload their own stuff in order to break even.

Q. That is the explanation which you offer for the fact that there was a reduction here?—A. Well, it works on that basis.

Q. I am not able to follow it. The fact, however, remains, as I see, that when you had this price-cutting in Cuba between your brokers the price in New Brunswick was reduced from time to time as prices were cut in Cuba?—A. Why, it would, yes.

Q. It did, as a matter of fact, happen, didn't it?—A. Yes, it dropped. It didn't drop very much.

Q. How much did it drop?—A. Oh, well, I couldn't tell you right off—it is pretty hard to say what it did drop—maybe ten cents, maybe 15—maybe only five cents.

Andrew D. McCain, a potato dealer, of East Florenceville, N.B., stated in evidence (p. 1128):—

A. . . . . My idea was this: that we agree—the two groups—on a price; that is, Porter and I would name a price in Havana at which to sell, and if he got the

business he was welcome to it, and if I got the business I was welcome to it. Then there would be no nature of any combine in any way, shape or form. It would be a case of holding the price up and making the Spaniards pay what the market would warrant, and we would have a reasonable profit, and could afford to pay the farmers a fair price for their goods.

Q. That was your idea, that you could hold the price if you wouldn't undersell one another?—A. Yes.

Q. So, in your view, the New Brunswick shippers could regulate the price in Cuba if they would agree among themselves?—A. Yes.

Q. Do you think all the shippers could agree among themselves?—A. That is the trouble—we couldn't seem to.

Q. In your view the price in Cuba was lower than it reasonably ought to have been?—A. Yes; and this year too, as well.

Q. And as a result that was reflected back in the prices in New Brunswick?—A. Back to the grower.

Q. And the grower was getting less than he should have got in your view?—A. Absolutely.

Q. As a matter of fact, he has been selling under cost, hasn't he?—A. This season.

Q. (p. 1180) Now in the address that you made to the farmers on the evening this application was signed before you, did you make some statement to the effect that they weren't getting as much out of the crop as they should have got?—A. Yes, I think perhaps I did. I just can't quote that exactly, but I have always said that, and there is no doubt but what I said it that night.

Q. And do you remember saying they should have got at least 50 cents more a barrel?—A. That is my ideas. Whether I said it that night or not, that has been my ideas, and I have always said that if the thing was properly handled both last year and this year the farmers should have had 50 cents a barrel more and still be in a direct line with the market conditions in Cuba; that is, we would be under the American price.

Certain other activities which affected the prices paid to the farmers are dealt with in the section of this report entitled "Activities which affected the Price Paid to Growers."

## THE EXPORT TRADE WITH CUBA

The United States market for New Brunswick potatoes having been practically closed since September, 1922, with the passing of the Fordney Act, it was necessary to seek another market, and Cuba became the principal outlet.

Shipments had for some years been made through Boston and New York, but in the winter of 1920-21 Guy G. Porter Company, Limited, C. E. Gallagher Company and Hatfield & Co., Ltd., joined together and chartered a steamer, this being probably the first direct sailing cargo of potatoes from St. John to Havana. Since this shipment was made, other dealers have bid for business in Cuba, until at the present time practically all the dealers in New Brunswick handling table potatoes are interested in the Cuban market.

The price at which potatoes are sold in the Cuban market is said to be fixed by the American market. Canadian potatoes are subject to a higher duty in Havana than American potatoes, and according to the evidence of O. R. Estey, a potato dealer of Woodstock (p. 14) there was a verbal agreement between the shippers to keep 15 cents under the American price. Guy G. Porter explained the manner in which the selling price in Cuba was arrived at, as follows (p. 26):—

Q. Now, starting from your statement that you first make your offer to Havana from your stock on hand, you make that offer, of course, with the idea that you can sell at a profit, I suppose?—A. Always.

Q. You don't want to do business for nothing if you can help it?—A. No.

Q. Now, how do you figure out what it is going to cost you—what do you use—what cost?—A. How do we figure right now?

Q. Yes. For instance, what is the Havana market to-day?—A. Well, we haven't sold any to-day. To-day we are paying the farmers 80 cents per barrel. That is for 165 pounds. Now, we quote down there at the 180-pound sack, which would be one peck more, so we add eight cents. That is for 180 pounds. Now, we figure our charges to-day to be—the freight rates varies—".—(p. 27) A. To-day we would figure



about like this: We are paying the farmer 80 cents a barrel. That means that 180 pounds of potatoes would cost us 88 cents here in the country, and we figure our fixed charges are approximately \$1.75 per 180 pounds which means that a 180-pound sack would cost us approximately \$2.63 c.i.f., Havana.

Q. That being so, what would you quote in Havana?—A. Well, we have quoted to-day \$2.90.

Q. That is a difference of 27 cents?—A. Yes.

Guy G. Porter in giving evidence (p. 23) explained the method by which a sale is made in Cuba:—

Q. What is the method you adopt in making a sale?—A. Well, it is like this: Say we want to sell a cargo for shipment next week, I will telephone the different shippers—Hatfield, Gallagher, Clark and different shippers—and discuss prices with them, as to what we should quote in Cuba. We will decide, say, to quote \$2.75 a sack, c.i.f. Havana. Well, we will cable our broker in Havana to sell a cargo for sailing next week for \$2.75 c.i.f. He will place that before the buyers in Havana, and perhaps he will get an order, and perhaps he won't. If he gets the order he cables us booking the order, and we cable back confirming the sale. Sometimes he will cable back saying others are quoting lower, and sometimes he mentions the price the competition is quoting. Sometimes we decide to equal that price and try to get the business, and sometimes we decide to cut our price and try and get the business, and sometimes we decide to let the competition have it.

In addition to the ordinary competition, there were other factors which entered into the fixing of the selling price. Arrangements were made with competing dealers, as will be seen from the section of this report entitled "The Development of the Various Groups of Potato Dealers" but, as the chief competitors in the Cuban market were the United States dealers, the price of the United States produce would naturally be a strong factor in fixing selling prices in Cuba. Owing to the keen competition between New Brunswick dealers and the arrangements made with the Cuban brokers, the situation led to the dealers manipulating prices which resulted in losses, with a depressing result on the price paid to the farmers, although there were occasions when the dealers were able to control the situation advantageously to themselves, as may be seen from the evidence of Guy G. Porter (p. 47):—

WITNESS: If I am not out of order, I would like to tell you about a transaction we have just completed to-day, in support of group selling and to show the advantage we claim to exercise under group selling as against absolute competitive selling. On January 28 we quoted the trade in Havana, through our broker, a price of \$2.75 a sack, c.i.f., on one cargo for sailing February 16 to 18. On January 31 our broker cabled us stating that he believes the combine is planning on giving Manzer, our competitor, the order at \$2.75 for the sailing of February 16-18. That was on January 31. On February 3 our broker cabled as follows: "Manzer cabling for new price view \$2.75 unacceptable."

Q. How did he know Manzer was cabling?—A. No doubt the buyer would tell him; and, he says, "Rush your lowest to get order 15th-17." That is, he stated Manzer was cabling for a new price, stating \$2.75 was unacceptable, and he says, "Rush your lowest to get order." This is what I did: I talked to McCain on the telephone, and I confirmed this information. I told him we were quoting \$2.75, and he said he was quoting \$2.75; and I suggested that if he would protect us on our price on two cargoes we would protect him on his price for one cargo. We agreed to that, and instead of accepting business at \$2.75 we decided to raise the price 15 cents a bag and to quote \$2.90, which we both did, and both quoted at one o'clock yesterday afternoon. Now, that is group selling, and that is the meaning of the work we have been doing here right along, and which we still believe is the best method of selling that has yet been devised or used or put into practice here in this export trade to Cuba. Now, I want to show you what happened. Following that cable, I cabled back yesterday at 1.20 stating this: "Cancel 2.75 quote 2.90 two or three steamers shipment per steamer this month subject to prompt acceptance. Market firm with upward tendency weather bad."

Q. What was the market that was firm, with the upward tendency?—A. The American market has advanced 25 to 40 cents a hundred pounds within the last week, and that is the only competition we should be guarding against. That is the cable I sent at 1.20 yesterday. We looked for quick results, and we got them. At eight o'clock last night we got a fast cable from our broker, reading as follows: "McCain offered firm 2.75 against your 2.90. Have lost the business again. No other buyers presently."

That means there are no other buyers at present. He has lost the sale of two cargoes, and is completely disgusted.

Q. Am I to understand that McCain didn't adhere to the arrangement?—A. He did; but we sent our cables at the same hour. He wouldn't have time to know that McCain did raise his price at the very moment we did. He was giving us correct information but, nevertheless, misleading if we didn't understand the situation right to the minute. Now, we disregard that, because we know we have made this arrangement, and so we stand pat. To-day at 1.20 I cabled: "Best possible 2.90 two or three steamers shipment per steamer this month. Acceptance to-day." I shortened the time. Yesterday I said "prompt acceptance," which means in the terms of the trade acceptance within four days. To-day we know we have got a seller's market for a moment; so we shorten the time—"acceptance to-day." That was at 1.20. Now, this is all done through our broker—no communication whatever with anybody else. Now, as I explained, Mr. Palacio down there claims to be the head buyer for that combination. At eight o'clock last night I got a cable from Palacio as follows: "McCain quoted 2.75 we bought now McCain has cabled 2.90." He claims to have bought from McCain, but now he says McCain has cabled 2.90. He goes on. "If McCain doesn't accept can you cut 2.90 for two cargoes. Answer quick." They are still playing one against the other. When they can't get it at \$2.75 they try to get it at \$2.80 or \$2.85. At 1.20 this afternoon I cabled him, "Best possible 2.90 acceptance to-day." At 5.45 this afternoon—only about four hours—we got a cable from Palacio closing for two cargoes sailing February 15-18 and February 28-March 2. at my price, \$2.90. That is group selling. Now, the alternative is that if I hadn't talked with McCain and hadn't fixed this deal with him, he would either—he checked with me to-day, and he had practically the same line of argument by cable from his broker that I had. He told me he had a bid which he was considering, less than \$2.75, he said. That meant \$2.65 or \$2.70. Now, either McCain or myself would have booked the order for those three cargoes at a price less than \$2.75.

Q. So you could have raised the market, irrespective of anything else? Now, there are other competing potatoes arriving in Cuba, I suppose?—A. If there hadn't been collusion, I might call it, between McCain and myself we couldn't have raised the price nohow.

Q. And as it is, you did raise it and could have raised it, irrespective of market conditions?—A. No.

Q. What would prevent you?—A. There are many times when we figure so close to the American prices with their preference rate and the duty that we couldn't do that. If we would attempt to raise the market at a time like that, we would spoil the whole thing, and let the Americans in with four or five cargoes, and it would keep us out for two months.

Q. So that the competition prevents you from taking things into your own hands by collaboration with the other shippers and running the price up to whatever you want to?—A. Competition among our own shippers in New Brunswick prevents us taking anywhere near full advantage of this market.

Q. This group arrangement is an advantage to the shippers?—A. Yes.

Q. It is no advantage to the Cuban consumers?—A. Yes, it is an advantage to the dealers in Havana because it holds their market more steady—stabilizes it—and on a steady market any operator can distribute to much better advantage.

Q. So you say ultimately it is an advantage to the Cuban consumers?—A. Yes.

Q. Now, what about the growers?—A. It is an advantage to them, because it enables us to make a greater return to the grower.

Q. You put the price up 15 cents?—A. No, we haven't, and we don't propose to.

Q. I mean your selling price?—A. Oh, yes.

Q. You put it up 15 cents by your arrangement with the other group?—A. Yes.

Q. What advantage will the grower get out of that, if any?—A. It will allow us to make a greater return to the farmers for the potatoes we buy from them. I won't go on record now as saying that because we sold this cargo 15 cents a sack higher than we otherwise would have, that we are going to pay the grower 15 cents more, because we are getting a fair, reasonable margin of profit on what we are buying at 80 cents; otherwise we were not.

(Evidence p. 79):—

A. . . . when I had this understanding with McCain yesterday McCain agreed to call up Estey and ask him to protect that \$2.90 price, and I agreed to call up Mr. Pirie and ask him to protect that \$2.90 price. Mr. Pirie agreed to do it, and I suppose Mr. McCain talked to Mr. Estey.

An arrangement by which one potato shipper would protect another in connection with prices in Cuba was outlined by A. D. McCain in his evidence (pp. 1123-4-5):—



Q. At this time when you agreed upon the number and order of your cargoes, was there any arrangement made between you as to quoting of prices in Cuba?—A. Yes, we were supposed to protect each other.

Q. How were you to do that?—A. Why, if it was our turn to load the steamer, Porter was to quote 10 cents higher than us, in order to protect us.

Q. And you would tell him what you were quoting?—A. Yes. We simply made the price between us at which we should quote, and then if it was our order to load he was supposed to quote ten cents higher, or vice versa.

Q. And was that carried out?—A. For a very short while.

Q. But it was adhered to for a while?—A. Yes; it was carried out for a short time.

Q. Would this be the arrangement, then: "When McCain quotes Manzer price on fifth steamer we will regulate the price." Were they to regulate the price?—A. When we quoted the fifth steamer, we will say, they were supposed to quote ten cents above, so as we would make sure to get our order.

Q. Did you tell Porter what price you were going to quote?—A. Yes. He and I were supposed to set the price; and if the market price was to be \$3 and it was our turn, he was supposed to quote \$3.10.

Q. He wouldn't be regulating your price, then, any more than you would be regulating his?—A. Just the same thing.

Q. You were to agree on price?—A. Yes; it was to be mutual.

Q. And that was done for how many cargoes?—A. I think only two or three—just a short time.

Q. How many cargoes did your group ship under that arrangement?—A. I couldn't answer that, but I wouldn't think over a couple or so—maybe three—just a short time anyway.

Q. That would mean that if you shipped two the Porter group would have shipped five?—A. Yes.

Q. And if you shipped three, they might have shipped six or seven?—A. Yes.

Q. So that it might have lasted for seven or eight or nine cargoes altogether?—A. It might have; but I am speaking of that—it wouldn't cover any very great space of time; it would cover, may be, a month or six weeks.

Q. During that time, then, when Porter was selling his cargoes, you stood by, apparently?—A. Yes.

Q. And quoted higher, probably?—A. Yes.

Q. He would tell you what he was willing to sell at?—A. Yes—well, we would agree on a price between us.

Q. That he would ask?—A. That he would ask; and if necessary we would quote ten cents above him, so he was protected.

Q. And you did that, did you?—A. Yes, we did that.

Mr. O. R. Estey of Woodstock, in a letter which he addressed to shippers on January 14, 1925, stated: "All we need do is to keep our price twenty cents below Boston to command a hundred per cent of the trade. Why, then, keep our price \$1 below the price that Boston could quote? The farmer has just cause for alarm and distrust when he sees his products being handled and distributed in such a wanton, wasteful manner." (See Exhibit No. 4, Appendix 4.)

## PART II

## WHETHER A COMBINE EXISTS AS DEFINED IN THE COMBINES INVESTIGATION ACT, 1923

## DEFINITION OF COMBINE

Section 2 of the Act defines a "Combine" as any (1) merger, trust and monopoly so called, and (2) the relation resulting from the purchase, lease or other acquisition by any person of any control over or interest in the whole or part of the business of any other person, and (3) any actual or tacit contract, agreement, arrangement or combination which has or is designed to have the effect of (i) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing; or (ii) preventing, limiting or lessening manufacture or production; or (iii) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation; or (iv) enhancing the price, rental or cost of article, rental storage or transportation; or (v) preventing or lessening competition in, or substantially controlling, within any particular area or district or generally, production, manufacture, purchase, barter, sale, storage, transportation, insurance or supply; or (vi) otherwise restraining or injuring trade or commerce; providing that such have operated or are likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others.

## EVIDENCE OF THE EXISTENCE OF A COMBINE

In the opinion of the Registrar, the evidence establishes various agreements, arrangements and combinations at different times, fixing a common price and preventing and lessening competition in and substantially controlling the transportation, purchase, sale and storage and otherwise restraining or injuring trade or commerce in potatoes, to the detriment of or against the interest of the public, and that these arrangements were made between the various shipping groups known as the Porter group and the McCain group, and between the Porter group and the Munson Steamship Line, of 67 Wall Street, New York City, U.S.A., including their agents, Furness-Withy and Co., Ltd., Steamship Brokers, Saint John, N.B., and between the Porter group and O. R. Estey of Woodstock, N.B.

The personnel of the groups referred to in the previous paragraph is as follows:—

*Porter Group.—*

Guy G. Porter, Ltd., Perth, N.B.  
 Hatfield and Co., Ltd., Hartland, N.B.  
 C. E. Gallagher Co., Bath, N.B.  
 B. Frank Smith, East Florenceville, N.B.  
 Nelles and Clark, Woodstock, N.B.  
 Johnston and Turbill, Woodstock, N.B.

*McCain Group—*

McCain Produce Co., Ltd., East Florenceville, N.B.  
 Noddin and Schriver, Woodstock, N.B.  
 Chipman Phillips, Woodstock, N.B.  
 Henry Phillips, Woodstock, N.B.  
 Wilson, Patterson and Gifford, Saint John, N.B.

The part in the arrangements outlined above played by the McCain group was a lesser one than that of the Porter group. They were, in the first instance,



co-operating in the chartering of vessels, but were forced by the Porter group into agreements with that group, which affected selling prices in Cuba, and prices paid to the farmer in New Brunswick. Likewise the participation of O. R. Estey was forced by the Porter group. In the following sections of this report are reviewed activities which in the Registrar's opinion come within the scope of Section 2 of the Act.

## THE DEVELOPMENT OF THE VARIOUS GROUPS OF POTATO DEALERS AND ARRANGEMENTS BETWEEN THEM

About 1917 the Porter, Manzer Company, Ltd., predecessors of the Guy G. Porter Co., Limited, Hatfield and Co., Limited, and C. E. Gallagher and Co., arranged to consult one another regarding selling prices, and made agreements not to cut under each other's prices. This continued during subsequent years. As Mr. Porter said in evidence (p. 880):—

We would figure out what we could afford to sell for, and agree to a price—\$4 c.i.f., or \$3 c.i.f., depending on market conditions at the time; and then we would give our brokers to sell at this fixed price, and we would divide the boats between us. I just forget the division, but I think Hatfield's concern and our concern had a greater percentage than Gallagher during that period. Now, that was in 1919. About the same conditions prevailed in 1920. We continued to ship through Boston. We continued to ship through Boston until the winter of 1921.

The crop of 1919, marketed during 1919-1920, sold at a very high price. This encouraged farmers in both the United States and Canada to plant greater areas, and there was in the fall of 1920 a very large crop. Similar conditions existed in Maine and New Brunswick, but Boston dealers who were handling Maine potatoes, had the advantage of being able to sell right up to the day a ship sailed, while the New Brunswick shippers who were at this time also shipping through Boston, having to make reservations a week ahead, were under a disadvantage as regards securing cargo space, and were, according to evidence (p. 893) as a result almost shut out of the Cuban market. To overcome this situation, the Porter-Hatfield-Gallagher firms jointly chartered a ship and loaded it with potatoes for Cuba. This was in the spring of 1921. The Porter-Hatfield-Gallagher group carried on that season until the spring of 1922, when they took into their group O. R. Estey of Woodstock, Nelles and Clark of Woodstock, and Harry Bell, trading as the Woodstock Produce Company. These three potato dealers had been for a few months up to this time shipping by C. P. R. monthly sailings between St. John and Havana. The group as thus augmented continued to ship together for the balance of that season.

O. R. Estey formed a new group of shippers, which included B. F. Smith, Johnston and Turbill and the Woodstock Produce Company, so that in the fall of 1922 there were two shipping groups—the Porter-Hatfield-Gallagher and Clark, and the Estey-Smith-Woodstock Produce Company-Johnston and Turbill (p. 897), and these two groups competed, or, as Mr. L. A. Hutcheon, Vice President of the Guy G. Porter Company, Limited, said in evidence (p. 898):—

We competed very strenuously. I think, all the year, until along, I think, the early part of February, when there was a truce of some kind, and the Estey group and the Porter group got together on the basis of two ships to one, I think—they were to get one-third and we were to get two-thirds of the business.

Q. Who negotiated that arrangement?—A. That was negotiated between the Porter group and the Estey group.

Q. Well, who did it?—A. The whole crowd was together, I think.

At this time, J. C. Manzer of Havana, Cuba, was the selling agent in Cuba for the Estey group, and the firm of J. Suris and Co. was selling agent for the Porter group with the exception that Hatfield employed a broker named Leon.

In February, 1923, arrangements were made between the Porter group and the Estey group by which the Porter group were to get two-thirds of the

export business to Cuba, and the Estey group one-third of the business, the selling price in Cuba to be agreed upon between the two groups. The agreement is set forth in the following communication:—

February 7, 1923.

Mr. O. R. ESTEY,

Woodstock, N.B.

DEAR SIR,—Confirming result of our meeting in Woodstock on the 5th instant. Our understanding of the arrangement is as follows:—

(1) Our combination, namely, Porter-Hatfield-Gallagher and Clark, is to get two-thirds of the business. Your combination, namely, Estey, Smith, Bell and Johnston, is to get one-third of the business.

(2) The selling price in Havana is to be fixed and agreed upon between the two combinations.

(3) You are to bind Manzer to sell only for your combination during the Canadian shipping season.

(4) Both combinations are to forward their goods on the same steamers and we both agreed to offer our goods for sale to all legitimate potato dealers in Havana whether they are independent dealers or members of any combine.

(5) In connection with chartering steamers, it is understood that we are to charter the first two steamers and you are to charter the third steamer and to continue in this rotation.

(6) It is understood also that these two combinations of shippers will co-operate to the best of their ability in endeavouring to arrange matters so that the best results will be obtained and the business will be conducted along the most profitable lines.

This sets out our understanding of the arrangement and if this agrees with your understanding, will you kindly sign one copy of this duplicate letter and return same to us.

Yours very truly,

GUY G. PORTER CO., LIMITED.

GGP-K

C/C Hatfield & Co., Ltd.,

C. E. Gallagher Co.,

Nelles & Clark.

(Exhibit No. 41)

During the spring of 1923 the McCain Produce Co., Limited, loaded a cargo (probably their first cargo for the Cuban market), and then in the fall of 1923 the groups were rearranged, so that one group consisted of Guy G. Porter Company, Limited, Hatfield and Company, Limited, C. E. Gallagher and Company, Nelles and Clark, B. F. Smith, O. R. Estey and Johnston and Turbill.

In the fall of 1923 O. R. Estey withdrew from the group and became the agent of the Southgate Export & Import Company of Norfolk, Virginia, U.S.A., and in the meantime McCain had organized a group consisting of the McCain Produce Company of East Florenceville, William Pirie and Son of Grand Falls, Wilson, Patterson and Gifford of St. John, Thomas Noddin of Woodstock, Henry Phillips of Woodstock and Chipman Phillips of Woodstock, J. C. Manzer acting as this group's selling agent in Cuba. Competition between the groups continued until February of 1924, when there was a conference between, what may be for convenience called, the Porter group and the McCain group. The conference was held at Woodstock, and as a result the McCain and Porter groups entered into an arrangement, which is set forth in the following draft agreement:—

BATH, N.B., March 4, 1924.

AGREEMENT BETWEEN PORTER COMBINATION AND MCCAIN COMBINATION OF SHIPPERS,  
RE CUBAN BUSINESS

1. It is agreed by the parties hereto that the McCain Combination ship two boats out of seven, and the Porter Combination ship five out of seven boats.

The order of shipment to be as follows:—

Porter 1st, McCain 2nd, Porter 3rd and 4th, McCain 5th, Porter 6th and 7th.

Then the order to continue as above.



If a situation should develop whereby it would appear desirable to change the above schedule, it is understood that the matter be brought before the Committee representing the respective combinations and agreed upon by them before making any departure from said schedule.  
(Exhibit No. 61.)

This agreement was observed for a few weeks, the two groups protecting each other on prices in the Cuban market, as stated by L. A. Hutcheon in evidence (p. 904):—

Q. Was there any agreement about the selling price in that arrangement?—A. Yes, that was the agreement—we were to hold the selling price—we were to protect McCain's price, and he was to protect ours. That is, if he quoted \$4, we would over-quote him, if it was his turn to sell; and if we quoted a price he would over-quote us, if it was our turn.

But then McCain sailed a boat out of turn and the agreement was ended. In the spring of 1924, the Porter group included Porter, Hatfield, Gallagher, Clark, Smith and Johnston. The McCain group, according to agreement dated November 28, 1923, included the McCain Produce Co., William Pirie and Son, Wilson, Patterson and Gifford, Limited, Chipman Phillips, Henry Phillips Thomas Noddin and Co., and Bohan Bros. The agreement is included in this report as Appendix 3.

Pirie dropped out of the McCain group and associated himself with some other shippers, including the firm of B. F. Smith, Limited, and W. W. Boyce.

The arrangement between the McCain and Porter groups is referred to in the following correspondence:—

J. SURIS & CO.

HABANA, CUBA, February 28, 1924.

MESSRS. GUY G. PORTER Co., Ltd.  
Perth, N.B.

DEAR SIRS:

*Spalding Rose*: We have been having lots of troubles with the spalding rose shipped in your cargoes. You have no doubt noticed that Boston makes a differential of 25c. to 30c. on this variety. Besides Manzer is to-day offering spalding rose at \$3.95, and whites at \$4.15. Please avoid all possible these potatoes on your shipments.

*McCain's Agreement*: We notice it has been broken through Manzer's pressure. We are doing our utmost at this end to check Manzer's activities.

*Barrels*: We been having a hard time selling your late consignments of barrels. It seems, early in the season, the combine placed large number of barrels into bags, and they have now over 5,000 barrels empty, and are now doing the reverse. They can make 100 barrels out of 90 bags. By so doing they are able to figure the barrels at 4.50 duty paid, viz:—

90 sacks at 4.15 (actual cost) .. . . .	\$373 50
10 cents labour .. . . .	9 00

\$382 50

in other words \$3.83 c.i.f. per barrels or \$4.50 duty paid. This is the reason why we cannot sell barrels at your prices. You can not expect the combine to buy barrels at \$4.40 and \$4.55 c.i.f. while they can make them at \$4.50 duty paid.

*Our Wire 20426*: We advised you of Manzer's offer at 4.15 for a sailing 0305. Later we learned he was selling spd. rose at \$3.95 same sailing.

*Our Wire 20526*: This wire was sent to you, with the only purpose to be used against Manzer, should an investigation be raised at Ottawa.

*Our Wires "207-208-209"*: We have recommended you to confirm the price of \$4.05 for a sailing 0102, in view of Manzer offering 4.15. Besides in the ss. *Perene* there were no claims due to the activity of all the members of the Combine cleaning fast the damage, and although the damage did not reach 5 per cent, they had to clean over 75 per cent, and charges were quite high. We understand Clark has recommended you an allowance of 15c. per bag on a future cargo, but instead of that we have asked you to confirm at 4.05 and specify that it is to compensate the *Perene* damage and expenses. We await your answer and hope you will confirm, as situation looks very bad at this end, Palacio and Armands position being quite deli-

cate specially the former who is putting up a wonderful fight in your behalf. against other members of the Combination insisting on trying Manzer again.

Very truly yours,

(Sgd.) J. SURIS & CO.

(Exhibit No. 89.)

A letter of Guy G. Porter Company, Limited, on March 6 shows that the Porter group were able to force the McCain group into the arrangement which is set forth in the agreement dated March 4 and quoted above. The letter follows:—

March 6, 1924.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

DEAR SIRs,—Replying to your letter of February 28.

*Spaulding Rose*: We are only shipping a few of these and will ship as few as possible, but there is a small percentage of our stock, say ten per cent, which is Spaulding Rose and in order to fix a low price on our cargoes we have to take these into consideration, but the percentage of Spaulding Rose will not be large. We think it much better to do this than to make a separate price on Whites and Spaulding Rose. If we did make a differential we would have to raise the price on Whites and in order to give you a little lower price on Spaulding Rose, so think it is much better to continue as we are doing.

*McCain Agreement*: Our agreement with the McCain combination stood broken between February 21 and March 6. On March 4 we had a meeting of the two combinations and we were able to bring sufficient pressure to bear to force McCain to renew the old agreement again, which agreement is, that we ship five steamers out of seven and the McCain combination ship two steamers out of seven. We sent this information along to you on the 4th instant per our cable 16004. We might also mention confidentially that we wrote up the new agreement on March 4 and got all the members of the different committees representing the two different syndicates to sign the agreement. We passed this information along to you by cable and asked you to advise Palacio and Armand as we believe both Palacio and Armand will be pleased over this arrangement, as it will enable them to handle five-sevenths of the importations and control prices to their liking.

*Barrels*: We note the combine have five thousand empty barrels on their hands and are converting sacks into barrels. We note your method of arriving at the cost of these barrels \$4.50 duty paid, but in your method you neglected to charge up the cost of the barrels. The barrels themselves cost us sixty-five cents each at St. John, N.B., so as soon as these five thousand barrels are used up we hope the combine will be in the market for more barrels and our price will be pretty nearly in line.

Your cable 20526 to be used at Ottawa in case a Government investigation is called. We thank you very much for this wire.

Please keep the information concerning our agreement with the McCain combination absolutely confidential between Palacio, Armand and yourselves.

Yours very truly,

GUY G. PORTER CO., LTD.

GGP.P.M.J.

(Exhibit No. 90)

In addition to the groups already referred to, there were other groups, but their activities do not affect the situation so far as the New Brunswick grower is concerned, to any great extent.

The formation of groups for the purpose of shipping cargoes is a measure of efficiency for the large dealers, but it has the effect of keeping small dealers out of the market; its chief danger lies in the control which a group may attain over the market and use for selfish ends.

The testimony given by Guy G. Porter establishes that he was desirous of having complete control of the potato business and this is also indicated by the tenor of the following correspondence:—



## MUNSON STEAMSHIP LINE

MUNSON BUILDING, 67 WALL ST.,  
NEW YORK, April 26, 1923.

Mr. PORTER,  
Guy G. Porter Co.,  
Perth, New Brunswick.  
My DEAR Mr. PORTER:

*Personal*

Along the lines of our conversation when you were last in New York I would appreciate very much, your advising me under personal cover if your plans for a combination in New Brunswick work out along the lines we discussed. I have in mind a further development, if this should take place, which might be to our mutual advantage and would, therefore, appreciate very much your advising me the developments, which you may be sure I will keep confidential if you so request me, until such time as I may have had a chance to discuss the situation with you.

Sorry that we lost the cargo of potatoes, for which we offered the *Yokohama*, but sincerely hope that it will be possible to work out a smaller lot for her in any event.

Yours very truly,  
MUNSON STEAMSHIP LINE,  
(Sgd.) K. E. KNOWLES,  
Manager, River Plate Dept.

April 30, 1923.

Mr. KENNETH E. KNOWLES,  
c/o Munson Steamship Line,  
67 Wall St.,  
New York City.

DEAR MR. KNOWLES,—I have your personal letter of the 26th instant in connection with our proposed merger of several New Brunswick shipping concerns next summer. We have been discussing this matter between ourselves for some time; in fact, I have been trying to bring about a merger for the last two years, but I feel that the different concerns are very much more favourable towards the proposition than they were some time ago. I am still in hopes that we can bring about this merger some time during the coming summer. We will take this question up actively with the different shippers along in June. At this writing I cannot give you any definite answer as to whether we will be able to put the merger through or not.

I would appreciate it very much if you would keep this matter confidential until it is decided whether we can put the merger through or not.

With kindest regards, I am—

Yours very truly—

GGP-K.

## MUNSON STEAMSHIP LINE

MUNSON BUILDING, 67 WALL ST.,  
NEW YORK, May 19, 1923.

Mr. GUY G. PORTER,  
Guy G. Porter Co., Ltd.,  
Perth, N.B., Canada.

MY DEAR Mr. PORTER,—Your personal letter of April 30th with regard to the progress of your merger project received, and you may depend upon it that it will be kept confidential by me until other advices from you. Any additional information you can give us with regard to the situation will be appreciated and you may be sure we will work with you.

We regret that we are unable at the present time to offer tonnage on the basis which some others seem to be able to afford. I know positively that they are losing money on every shipment they take and with the present increase in the cost of seamen and the difficulty in obtaining the smaller type of steamers, less than 70c. is really worse than sending a boat in ballast. I merely give you this for your personal information, although you may be sure that we will do our utmost to supply you with tonnage as we have in the past. In the meantime, anything that you may be able to let me have, which will keep me in touch with the situation, will be greatly appreciated.

With kindest regards, I remain,

Yours very truly,

(Sgd.) K. E. KNOWLES.

KEK/HM

## MUNSON STEAMSHIP LINE

MUNSON BUILDING, 67 WALL ST.

NEW YORK CITY, August 7, 1923.

Mr. GUY G. PORTER,  
Guy G. Porter Co.,  
Perth, New Brunswick,  
Canada.

MY DEAR PORTER:

*Personal*

This is just another of the personal letters which we exchange with regard to the Potato situation, which apparently is rapidly becoming more acute.

It is rather necessary that I get from you some idea as to your plans for the coming season, and whether or not your efforts along the lines of control have been successful.

Any advices that you may be able to give me along these lines will be greatly appreciated and I am sure, to our mutual advantage.

Yours very truly,

(Sgd.) K. E. KNOWLES.

KEK/HM

## ARRANGEMENTS WITH CUBAN BUYERS IN HAVANA

Porter, acting as head of the Porter-Hatfield-Gallagher group, conducted negotiations for the sale of potatoes with J. A. Palacio, who according to Porter's evidence (p. 33) performed a service for the buyers in Cuba somewhat similar to the service performed by Porter for his group. At the time that evidence was given by Guy G. Porter, February 5, 1925, an arrangement had been in force for about a month by which Palacio received a commission or rebate of five cents on each package sold to the group of buyers in Havana known as "The Combine." This was in addition to the broker's charge of five cents a package which the Porter group paid to their broker in Havana, J. A. Suris, and the commission of two and a half cents per package which they paid to R. N. Clark of Havana, who acted as an adjuster in regard to claims. Armand, another member of the Cuban combine, also got 5 cents a package on everything the Porter group sold them at one time. There were various arrangements in connection with these rebates, Palacio having received as high as 12 cents a package and as low as 2 cents a package. In return for this rebate or commission, Palacio was apparently to keep his buyers in line to give two-thirds of their business to the Porter group and one-third to the McCain group. Mr. Porter gave evidence regarding the connection with Palacio as follows (pp. 181-182-183):—

A. Now I want to show you, to prove my contention, and to show the advantage of having the connection we do have with Palacio by paying him a commission. He is the head buyer down there—

Q. He isn't a real buyer?—A. He represents himself as the head buyer for this combination.

Q. He is a merchant and importer?—A. Yes.

Q. He doesn't buy anything for them, does he?—A. Yes; he buys a whole cargo for them.

Q. He acts for them the same way as you act for your group?—A. Yes. I showed you yesterday where he bought two cargoes, and he gives me orders to ship so and so so many, and so and so so many. Now, on January 21st we had offered a cargo at \$2.65 c.i.f., and Mr. Palacio cables me on January 21st, "closed Suris cargo sailing 8th-10th \$2.65." At the same moment he cables me that Smith's agent is offering him a cargo at \$2.50. He wants to show me that he has placed this order with me at \$2.65 against a competitor's quotation of \$2.50. That is actual business that we have actually done this last week or ten days.

Q. Why would he do that?—A. Because he gets his commission of five cents a bag, and we hold the price up 15 cents a bag. Now, I claim it is good business if, by paying anybody in authority, who can buy in cargo lots—if, by paying them five cents commission, we can get 15 cents advance in price, that is good business and helps us make a better return to the grower.



Q. Isn't that another proof of the wisdom of the Secret Commissions Act?—A. I don't know that there is anything secret about the commission.

Q. It is altogether improbable that the other members of the firm know he is receiving a commission?—A. I couldn't say about that.

Q. And because he is receiving a commission he is apparently willing to pay \$2.65 when he could have bought at \$2.50.—A. Yes, he could.

Q. And he may be representing that to be the case without it being actually so?—A. No. I confirmed this with Mr. Smith.

Q. That is, you found out he was telling the truth?—A. I found he was telling the truth.

Q. We aren't interested in the Cubans, but it does strike me that it proves that he is double-crossing his associates.—A. No, I can't see it that way—

Q. He is paying you 15 cents more than he could have bought for.—A. Yes; but here is the point: He is stabilizing his market and not having too many competitive groups in there. If you open everything up, and make it competitive, and subsidize a Government line, and let everybody put on all they want to, it would open up the biggest dog fight you ever saw. Everybody would ship. The Cubans would solicit consignments from every last shipper in the province, and we would be foolish enough to put them on, and the result would be that it would ruin the market and the price would go to nothing here.

There is also a suggestion that this commission was paid to Palacio for what would seem to be an improper purpose. According to letters of February 2, 1924, Palacio and Armand demanded a rebate to compensate them for disbursements, which include the payment of sums of money to one of J. C. Manzer's office staff, to an employee in the Southgate firm's office, and to an employee of the Railroad Company, so that information which was of a private nature might be divulged to them.

These letters and Porter's acknowledgement follow:—

J. SURIS & CO.,

HABANA, CUBA, February 2, 1924.

(Personal)

Mr. GUY G. PORTER,  
Perth, N.B.

DEAR GUY,—Enclose my letter of even date, written at the request of Messrs. Palacio and Armand, as a result of a meeting of the two which I was called.

I must agree with them in mostly all the facts they have explained, although I have not been able to ascertain, the disbursements they have been paying; but would not be a bit surprised of being facts, as I have always found them quite exact on all their information concerning Manzer and Southgate, and did always estimated they had some private channels for their information.

I know for sure that Messrs. Bowman, Lopez (from Lopez-Pereda) and Amaral, have been persistent about using Manzer, and only through the support of Messrs. Palacio and Armand, we have succeeded in checking Manzers friends.

Palacio tells me, he has cabled you of late various requests of which not one has been granted, and that he was expecting you would be more agreeable to him.

Please therefore take all these facts into consideration, and see the best you can do in the matter, for the success of our business.

By the way try not to cable neither Armand or Palacio anything about sailing dates and position of steamers, and cable me only. Very often occurs you wire me a certain sailing date, and they want it changed to 3 or 4 days later. I know very well you cannot do it, and in the other hand I know they do not need the sailing to be delayed, and I have to bluff them, and hide things away; I cannot very well do it, if you cable them direct. You can wire them about anything else, but always keep me acquainted.

With kind regards to Mrs. Porter, and yourself, I am,

Sincerely yours,

(Sgd.) PACO SURIS.

(Exhibit No. 86)

J. SURIS &amp; CO.

HABANA, CUBA, Febrero 2, 1924.

*(Confidential)*MESSRS. GUY G. PORTER CO., LTD.,  
Perth, N.B.

DEAR SIRS,—We confirm our wire of the 28th of Jan. reading: "Confidential Palacio Armand demand five cents package all future shipments to compensate their private disbursements and propaganda writing fully."

We were called by Messrs. Palacio & Armand, at a private meeting where they demanded the above allowance. They explained strictly confidential that during this strong campaign against Manzer & Southgate, they have been paying \$125 to an employee of Mr. Manzer's office staff, and \$200—to one at Southgate office, as well as \$50—at the office of the Railroad Company, to be acquainted with every thing concerning the above two, and to know from the latter where Southgate was shipping to the outports.

In the other hand they have not been making a cent on independent sales, as a matter of fact they have been obliged to cut out the independents because Mr. Manzer has recommended indepts. not to tie themselves down to anything, and you could not restrain them to buy a certain quantity through St. John only. The moment the market was good they would be buying twice the quantity they need from St. John, besides Boston and New York. They are now never pleased with anything you offer them, and always try to double-cross you.

Just now we feel the same as the Combine, and think we should cut out the independents for the time being.

Confidential. Mr. Palacio seems to be very much displeased because he claims to have made several request to you direct, and not one has been granted to him.

We must admit that only through the support of Messrs. Palacio & Armand, we have been able to accomplish this year, what we have. We would venture to say. that they have been working just as strong as you have against Manzer.

Please give this matter your carefully consideration, and oblige.

Very truly yours,

(Sgd.) J. SURIS & CO.

*(Exhibit No. 87)*

FEBRUARY 25, 1924.

MR. FRANCISCO SURIS,  
J. Suris & Co.,  
P.O. Box 2549,  
Havana, Cuba.

DEAR PACO,—I have your two letters of the 2nd instant, one marked "personal" and the other marked "confidential." I have noted very fully the work that Palacio and Armand have been doing in order to check Manzer and Southgate's activities in your market. We appreciate also that both Palacio and Armand have been giving Manzer and Southgate the hardest competition possible and in this we assure them of our heartiest support at all times. We felt, however, that it would not be advisable to give Palacio and Armand a private allowance of five cents per package in view of the agreement we made with them in New York last summer. Our shippers have not made any money so far this season. During the months of October, November and December when we were selling all the way from \$3.10 to \$3.45 on from ten or twelve steamers we were making a heavy loss on each and every steamer and it was only after we made an agreement with McCain combination on January 14th that we began to get a profit on our shipments. In New York last summer a definite agreement was entered into and we want to live up to the terms of that agreement to the letter. I consulted our various shippers in our combination in connection with an extra five cents allowance to Palacio and Armand and in view of the loss they have already made for the season the proposition was not agreeable to them. I cabled you at length at the time concerning this proposition and hope, the explanations I have given will be satisfactory.

In regard to selling the independent dealers. I still feel very strongly, as I have written you several times before, that it is a great mistake for the combine to refuse to allow you to sell the independents regularly at a slightly advanced price. If the combine refuse to allow you to sell the independents, it only means that the Combine force the independents to club together and buy in cargo lots through Manzer by so doing the Combine is making a good customer for Manzer and making it possible for Manzer to sell in cargo lots, whereas on the other hand if you sold the independents say, two or three thousand on each ship it would be impossible for Manzer to organize the independents to buy in cargo lots as their purchasing power would be so reduced that Manzer could not secure orders for say, ten thousand sacks at any



one time. We feel therefore that you should present this side of the case to Palacio and Armand very strongly and show them the importance of your selling the independents regularly on each and every sailing a sufficient quantity to reduce the purchasing power of the independents to such an extent that Manzer could not at any time gather up orders for a full cargo.

As I reported to you a day or two ago, the McCain combination have broken their agreement with us and for the time being there is no agreement between us. We are doing our best, however, to force them into submission again and hope before the next week or two that we will be able to force them to come to us and make an agreement on our own terms. I am keeping you posted by cable as to what is going on in this connection and hope you will be able to give Manzer stiff competition from your end.

Yours truly,

GUY G. PORTER.

GGP.PMJ.

(Exhibit No. 88).

Palacio also received from McCain a rebate or commission of 10 cents a bag on some cargoes. These rebates or commissions had the effect of increasing the cost of doing business and thus lowering the price paid to the grower.

Some further light on the struggle for business in Cuba is given in the section of this report entitled, "The Struggle for Business in Cuba."

## THE STRUGGLE FOR BUSINESS IN CUBA

The competition grew very strong in the Cuban trade. The Porter group claiming to have been the first in the field, alleged they ought to have the larger part of the business. The others were not willing to concede this, and struggles between the Porter group, the McCain group, and the Southgate group developed.

That this struggle was carried on with extreme bitterness appears from the cables and letters passing between Guy G. Porter, acting for the Porter group, and J. A. Suris, their broker, and these also show how far they were willing to go to stop J. C. Manzer, who was acting as broker for the McCain and Southgate groups, from making profitable sales for his principals and to force the McCain and Southgate groups to do business at a loss.

On September 19, 1923, Porter cabled Suris as follows:—

Understand Manzer quoting sacks 4.25 am trying to arrange with White Fleet full cargo sailing from St. John Oct. 5th in view this competition offer sacks 4.00 terserolas 4.25 sailing 28-29 subject prompt acceptance suggest selling independents liberal share of the cargo at small margin to block Manzer sale. Also suggest Palacio Armand endeavour block United Fruit supplying competitors with steamers.

The prices quoted above mean \$4 per sack and \$4.25 per barrel, and the proposed sailing is the 28th or 29th of September. The same explanation is applicable to the figures in the other cables quoted.

On October 1, 1923, Porter cabled Suris:—

. . . . . do utmost book cargo to-day sailing 11-13, 3.50 to block Manzer and close charter explain to combine this price five cents below cost and we want their co-operation at this time. . . . .

On October 19, 1923, Suris again cabled Porter:—

Combine commenced fight kill Southgate competition from start. Selling to-day basis sacks 3.50 terserolas 3.75 c.i.f. forcing further drop view expected steamer to-morrow from Halifax demands your co-operation now. Substituting 4,000 terserolas for sacks at 3.45 sailing 25-27 to fight Southgate cargo same date recommend change to support Armand Palacio uphill fight against Manzer . . . . .

On October 24, Porter cabled Suris:—

Armand cables Manzer trying to get his shippers quote 3.15. This is 30c. below cost. Try assist Armand Palacio buy cargo from Manzer 3.15. Will send you decoy cables to assist if requested but expect Palacio Armand to return favour buying our cargo as quoted which practically represent cost.

On the same date Suris cabled Porter:—

Combine fighting Southgate Manzer to death. Retailing to-day equivalent 3.25 sacks 3.50 terserolas. Announcing further decline. . . . combine wants now your co-operation help fight discourage competition from beginning. . . .

In a cable of October 31 to Porter, Suris states:—

Market held low fighting Southgate stocks showing already signs decay.

On November 2, Porter cabled Palacio:—

Southgate apparently discouraged here regarding second cargo. We bought thousand sacks from Southgate to-day. Apparently Southgate disposing of stock intended for second sailing. Advise continue give Southgate hard competition your end and force him withdraw from Havana market.

On November 5 Suris cabled Porter by cable No. 8405 as follows:—

Manzer offering independents 3.40 15-16. Necessary you boost market protect sales.

And in a later cable of the same date Suris stated:—

. . . ours 8405 Manzer offering independents 3.40 sailing 15-16 combine don't know this offer. Necessary you boost New Brunswick market. Check Manzer and protect above cargo purchased. Fear otherwise losing combine support entirely. . . .

Porter replied on November 6:—

. . . . recommend combine buy Manzer cargo 3.40 sailing 15-16 to use stock held in storage by Manzer's shippers. Can then advance buying price preventing Manzer's shippers offering further low prices. . . .

On November 7 Suris replied to the effect that the combine could not buy Manzer's cargo, that it was sold to the independents' dealers at \$3.40 and that Manzer was offering Armand and Palacio cargo at \$3.45 sailing the 20th or 21st.

On the 8th Porter replied:—

. . . . doing utmost increase control here. Advancing the price to farmers to prevent Manzer's shippers procuring further low price stock. Recommend Palacio Armand buying Manzer's cargo 3.45 sailing 20-21. Manzer's shippers cannot confirm without loss.

On November 16 Mr. Porter cabled to Suris:—

. . . Southgate withdrawing buyers in country. Apparently discouraged.

On November 20 Porter cabled:—

3.65 sacks 4.05 barrels absolute cost but to assist combine fight Southgate Manzer will book subject immediate acceptance cargo sacks 3.50 terserolas 3.90 sailing 30-02.

On same date Suris cabled that he estimated Southgate loss so far over \$25,000.

On November 22 Porter cabled offering cargo at \$3.45 for sacks and \$3.85 barrels, adding: "This price shows big loss but making sacrifice to assist combine fight Manzer Southgate competition."

On November 22 he cabled Palacio:—

Have cabled Suris quoting cargo sailing 03-05 sacks 3.45 barrels 3.85. This price 20 cents below actual cost but making this sacrifice to assist you fighting competition. You can now sell independents sacks 3.35 without loss to you. Recommend booking large cargo and selling freely independents to prevent Manzer selling full cargo.

On November 24 Suris cabled that Manzer was selling to independents at \$3.40 and Porter replied:—

Offer cargo sailing 03-05, 3.25 net to us. No rebate. Manzer's shippers have steamer chartered and understand only half sold. Recommend do utmost sell large percentage independents and secure cancellation their orders placed with Manzer. Consult Armand Palacio. Urge work fast check Manzer's activities.

On the next day Suris replied to the cable of the 24th:—

Think have cornered Manzer. About two thousand sold independents. Reporting further.



On November 29 Porter cabled to Suris:—

. . . . Manzer's shippers frantic over late developments. Cable quantity Manzer has sold his sailing. Do utmost prevent sale balance cargo. Will rush Lisbeth all possible.

On the same day Suris reported by cable:—

Manzer approaching Perez intercede other members combine arrange understanding finish fight Palacio Armand strongly opposing any arrangement think this best chance finish him absolutely necessary sailing Lisbeth 10,000 sacks ahead Manzer's boats. . . . .

On the following day he again reported:—

Southgate also requesting understanding to finish fight.

On December 8 Porter cabled Suris:—

Strongly recommend encourage Manzer start selling cargo independents 3.10 which price represents loss to shippers if we can catch Manzer with cargo half sold this price will meet situation by shipping parallel boat to combine and independents at equal or lower price this arrangement to force Manzer's shippers take serious loss balance their cargo unsold must keep Manzer's shippers operating on this basis in order weaken their position financially we cannot relieve present by meeting Manzer's low prices but must permit Manzer's shippers continue with independents arranging intrigue to show Manzer's shippers and independents receivers heavy loss on arrival each Manzer boat this only feasible policy force them into submission you must allow Manzer self independents approximately half cargo reporting closely to us we will then block sale balance Manzer's cargo by selling combine and independents at lower price Manzer threatening form new potato exchange here ridiculous we feel confident can meet any competition this end.

On December 16 Porter cabled Suris:—

Not certain when Manzer will have sailing therefore quote sailing 22-24 sacks 3.30 barrels 3.70 with understanding that if Manzer has sailing within four days of our sailing will make price 3.00 without rebate to combine providing you sell large quantity to independents to force Manzer's shippers to reduce price their entire cargo to 3.00. Consult Palacio Armand if they book cargo this understanding. Cable fast.

On January 4, 1924, Suris cabled Porter:—

Local market down to pieces by combine to check Manzer's steamer expected to-morrow selling 3.50, 3.75 delivered.

The outcome of this struggle is summed up by Porter in a cable to Palacio as follows:—

Perth, N.B., January 16, 1924. Palacio. Havana.

Strictly confidential after Manzer confirm sale cargo 3.20 we found Manzer's shippers stocks depleted we advanced price sharply and bought all stock available thereby forcing Manzer's shippers delay their sailing and suffer big loss. By this action we forced Manzer's shippers to make agreement with us on our terms which are as follows McCain must quote Manzer price agreeable to us. McCain and ourselves will make differential in price small lots as follows—250 lots 25 cents higher 500 lots 15 cents higher, 750 lots 10 cents higher than base price covering larger quantity we made this arrangement to protect your overage on independents sales and to force small dealers to pay higher prices than wholesale dealers. Also agreed McCain ship two steamers out of seven we ship five steamers out of seven. Shipping order is as follows Porter combination first third fourth sixth seventh steamers McCain combination second and fifth steamers Sydfold expected arrive to-night in first sailing on this arrangement Manzer's Essa sailing expected 21-22 will be second sailing on this arrangement you can therefore depend on third and fourth sailings before interference from Manzer when McCain quotes Manzer price on fifth steamer we will regulate price therefore suggest you arrange stool pigeon to buy Manzer's steamer sailing next week. Have no fear Manzer making individual arrangement with members of combination as shipments would be regulated according schedule mentioned above. We have made this arrangement believing it best for your combination and ours. Make absolutely no arrangements with Manzer we will endeavour to regulate Manzer's operation from this end. We firmly believe this best arrangement possible to hold business in your hands allowing you to make reasonable profit and allowing us to make reasonable profit and larger returns to our

farmers. We depend upon you to keep this strictly confidential telling no one except Armand Suris and Pareda if you think advisable.

The members of the different groups in giving evidence on this inquiry have each laid the blame upon the other for the constant cutting of prices in the Cuban market, each claiming that it was unnecessary to do so, but that if it was done by one it had to be met by the other, but practically all agreed that the final result was that a decreased price was allowed to the grower and that the greater part of the loss ultimately fell on him.

The agreement set forth in the cable of Porter to Palacio above mentioned did not, however, last long. A. D. McCain in giving evidence stated that he did not intend to observe the agreement when it was made, and in a few weeks the fight broke out anew. McCain sailed the steamer *Erholm* out of turn, as provided, on February 22, 1924, and Porter claimed that the steamer should have been delayed until after their steamer *Adolf* had sailed. As a consequence, the struggle was again renewed, and on February 28, 1924, Suris cabled Palacio:—

Combine intends forcing market down below cost upon arrival Adolf Erholm to discourage independents further buying. Figure their loss heavy.

On November 7, 1924, Porter cabled Palacio:—

Do you think it advisable for us to break up our joint arrangement with McCain combination. We cannot now work on same percentage with McCain group account there being two other groups in the field. Do you mean by your cable that this is suitable time to cancel St. John agreement and all other arrangements made this season. Personally I recommend cancelling St. John agreement and all other arrangements made this season. We could then form new Porter combination make new arrangements with you eliminating present arrangements with McCain which would be more advantageous to you and ourselves. Porter.

On November 15 Porter cabled Suris, Havana:—

5115 confidential we cabled Palacio Friday as follows please take notice we hereby cancel St. John agreement we decided this action necessary as under St. John agreement combine bought more potatoes from competitors than from us. We are now operating entirely independent of any arrangements whatever and are now open to make new arrangements to secure greatest volume business possible. Suggest you offer Palacio Armand jointly three cents per package commission on all business booked by them with understanding that Palacio Armand give us refusal on combine's orders at equal prices. Ascertain if this proposition acceptable to Palacio Armand and cable promptly advising will then quote on requirements. Treat this matter strictly confidential and don't allow this cable to leave your hand.

Some light on the breaking of the St. John agreement is shown by the following letters from the McCain Produce Company to Manzer.

November 17, 1924.

MESSRS. J. C. MANZER Co.,  
Havana, Cuba.

GENTLEMEN,—We cabled you the other day that two of your three drafts on the last year's business had been paid and would ask you to kindly return the third one maturing about the first of the month. I might say that we figured that much more business would have been carried on than has been and we stocked up very heavily and of course this tied up a large quantity of capital. However these will be looked after and paid in proper shape.

We cabled you a few days ago that the St. John agreement had been cancelled. There were some things on this end which confidentially I believed were being put across and also we considered that the Combine should have given us more business than they did in place of handing same over to other dealers here. Of course we were handicapped by the rebate which always was a stumbling block and I think it is better for all concerned to leave the business open and to also try and get some of the Independent trade there as well. Now I know for a fact that Smith Ltd. sold 5,000 bags at \$2.75 which as you see is 35c. of a premium over the Combine price and which would be an excellent profit for anyone.



We trust everything will work out satisfactorily and that the trade will be much better in the future. We can load another cargo for you any time you can make sale for same.

Yours very truly,

McCain Produce Co., Ltd.,  
Mgr.

ADM/M  
(Exhibit No. 64)

November 25, 1924.

Messrs. J. C. Manzer & Co.,  
P.O. Box 2136, Havana, Cuba.

Gentlemen,—I duly received your cable this morning in reference to the new proposition as put forth by the Combine and to which we would agree providing there is sufficient business. As it stands to-day our business has been practically nil, only three cargoes shipped now in two months time and we should have more than this in one month. I do not think that you quite understand the breaking of the old agreement. Confidentially a meeting of the two groups was called by Porter as he had been claiming for some time that the new organization was unsatisfactory and that he wished same to be cancelled to which we were glad to agree as we did not consider we were getting sufficient business. At that meeting a joint cable was made out, signed by Porter and myself, which was to be forwarded to Palacio cancelling the agreement and this cable was left at Porter's own suggestion in his own hands to forward to Palacio which he did not do. However as I had cabled you that the agreement was off, there was nothing further to do but to cable Palacio similarly.

Confidentially I think the Porter group were double crossing us. I also believe that he is backing Pirie and putting potatoes in which will go through under Pirie's name, but at the same time will increase his shipments. I also believe that B. F. Smith is putting potatoes in under the name of Smith Ltd. and getting by, so you see there is considerable double crossing going on.

I am going to enclose you a list of the steamers that have been loaded by our two groups as well as those which have been loaded by outsiders which will clearly show up to the present time that our two groups have not received more than 50 per cent of the total trade. We must certainly get and have more business as at the present time we are simply getting nothing. We are leaving this matter quite a bit in your hands and are looking for a greater increase in business and as cabled you last night we should like to have at least three more cargoes between now and the first of the new year. I am going to take the matter up with Estey to-day and will advise you later as to the suggestion you have made in your cable.

Yours very truly,

McCain Produce Co., Ltd.,  
Mgr.

ADM/M  
(Exhibit No. 65)

The cables which have been quoted above do not tell the complete story, but more light is thrown on the matter by correspondence passing between the Guy G. Porter Co., Ltd., acting for the Porter group and their connections in Havana, which will be found in Appendix 6.

There does not appear to be much doubt but that the bitterness in this warfare was partly due to the personal feeling between Guy Porter and Manzer. In addition Porter was determined to be the dominating factor, and was only willing to allow his competitors a certain proportion of business. He stated in evidence (p. 95): "We should have at least two-thirds of the business, and we fought for it." Apparently, Manzer was not agreeable to this division (p. 127). Not only was Porter competing very keenly with Manzer in the potato business, but he was also apparently fighting him in other quarters. For instance, a telegram was sent by Porter to Palacio on September 19, 1924, when Palacio was in New York, as follows: "Reports Manzer handling United Fruit account Nova Scotia. We would like to see you handling this account. Suggest you taking matter up direct with United Fruit. Would gladly assist you all possible."

O. R. Estey, a potato dealer, stated in evidence (p. 52), "there is almost a deadly enmity between Manzer and Porter and Gallagher. This is the key of the situation in Havana to-day. . . . (p. 54) so that is where the whole trouble in Havana comes; from a little personal feeling that is everlastingly cropping up".

There were various references made in the cables to arrangements between the Porter group and Armand and Palacio of Havana. Arrangements made included a substantial commission paid to Palacio and Armand, the rate of this commission varying from time to time. The following copy of what is known as the St. John agreement, dated September 15, 1924, shows that the Porter group agreed to allow a rebate to the Havana combination of ten cents per packet on all potatoes shipped to that market, with a further commission of two cents a package to pay Palacio and Armand personally. Arrangements were also made for any overages to be divided between Palacio and Armand and the Porter group on a fifty-fifty basis, as shown by the following agreement:—

### COPY OF ST. JOHN AGREEMENT

ST. JOHN, N.B., September 15, 1924.

Understanding by and between J. A. Palacio and Arturo Armand, representing the Havana Potato Combination and the Porter, Hatfield, Gallagher Companies and associates.

1st. The Porter, Hatfield, Gallagher Co.'s and associates agree to rebate the Havana Combination ten cents per package on all potatoes shipped to that market.

2nd. The Porter, Hatfield, Gallagher Co.'s and associates agree to pay Palacio and Armand two cents per package on said potatoes.

3rd. In case Messrs. Palacio, Armand place any potatoes at prices above our confirmation such overages to be divided between Porter, Hatfield, Gallagher and Messrs. Palacio, Armand on a fifty-fifty basis.

4th. In consideration of the above Messrs. Palacio, Armand agree to give Porter, Hatfield, Gallagher Co.'s and associates the preference on business of the Combine at equivalent prices.

5th. Messrs. Palacio, Armand (representing the Havana buyers) agree to divide their business between the Porter, Hatfield, Gallagher Combination and the McCain, Patterson Combination on the following basis. Two steamers out of three to be placed with the Porter, Hatfield, Gallagher Group and the one steamer out of three to be placed with the McCain Patterson Group. The rotation of steamers to be as follows:—

Porter, Hatfield, Gallagher Co.. . . . .	1st
McCain, Patterson.. . . .	2nd
Porter, Hatfield, Gallagher Co.. . . .	3rd
Porter, Hatfield, Gallagher Co.. . . .	4th
McCain Patterson.. . . .	5th
Porter, Hatfield, Gallagher Co.. . . .	6th
Porter, Hatfield, Gallagher Co.. . . .	7th
McCain, Patterson.. . . .	8th

and to be continued in this order.

*Exhibit No. 33.*

A previous agreement dated August 17, 1923, was as follows:—

NEW YORK CITY, August 17, 1923.

Memo of agreement by and between J. A. Palacio & Co., Armando Armand & Sons & Associates of Havana, Cuba, and Porter, Hatfield, Gallagher Co., and Associates of New Brunswick, Canada, whereby the parties of the first part agree with the parties of the second part as follows:—

(1) That all potatoes bought from New Brunswick and Prince Edward Island either directly or indirectly be purchased from the said Porter, Hatfield, Gallagher Companies and their Associates in consideration of which they are to be refunded 10 cents per sack on monthly settlements on the following basis: on less than three cargoes monthly no rebate; three cargoes and over the above rebate of 10 cents per package to apply.

(2) Porter, Hatfield, Gallagher Co. & Associates have the right to sell 20 per cent of the quantity shipped on each boat to the independent buyers outside of the Combine. The overage on such sales to go to Messrs. Palacio and Armand.

(3) Any overage on price quoted recommended by Palacio and Armand on sales to the Combine to be divided equally between Messrs. Palacio & Armand.

*Exhibit No. 45.*



This agreement was apparently in force in April, 1924, when a letter mentioning it, dated the 25th of that month, was written by the Porter Company to Hatfield and Gallagher (see Appendix 6).

From time to time Palacio and his associates visited Canada, and on one occasion last fall after an argument as to the amounts due in connection with their various commissions and rebates, a settlement was effected, Palacio consenting to accept from the Porter group the sum of \$25,000 as a settlement.

In addition to the sum of \$25,000 which was paid as a settlement to J. A. Palacio & Co. for the season's business ending in August, 1924, the firm also received \$3,067.91 described as commission and \$6,240.89 for claims on table stock. Mr. Porter was unable to supply full information as to how these amounts were made up or arrived at, claiming that the fyle dealing with the matter was lost or destroyed. Referring to the meeting with Palacio at St. John he said (p. 1305):—

A. I think we had this whole thing and I don't know whether—I know I had a fyle which was very large—covering claims for commissions and rebates and discounts and everything like that which we worked over for three days, I think, and pretty near three nights, and I don't know whether we ever brought that fyle home or whether it was destroyed there.

Q. It would not be like you to destroy the fyle would it?—A. Well, Mr. Palacio tore up the minutes we worked on for three days and I don't know how much more he tore up.

Q. That would not be your fyle?—A. Part of it was.

The money to pay Palacio was contributed pro rata according to the shipments made by the members of the Porter group, and it added to the cost of selling potatoes, and therefore had an effect on the price paid to the growers. The transaction also had another effect on the growers for it was part of the scheme to put out of business competing shippers who constituted another outlet for the growers' potatoes. In addition to these commissions which Palacio and Armand drew, they participated in overages on freight rates, this matter being dealt with in another section of this report. As will be shown in another section of this report, the arrangements which the Cuban buyers were able to make with the Porter group included a measure of control over the shipping between St. John and Havana.

Cables exchanged in connection with the strife in Cuba are included in Appendix 8. Those set forth in this section of the report are merely quoted in sufficient detail to indicate the bitter nature of the struggle carried on in the effort to control the Cuban business.

## ARRANGEMENTS WITH STEAMSHIP COMPANIES.

### PROFIT TAKING ON FREIGHT OVERAGES.

As stated elsewhere in this report, Guy G. Porter, President of the Guy G. Porter Co., Ltd., of Perth, was in charge of chartering vessels and similar matters for his group of shippers. Among other details to attend to was the arranging of the commissions or overages which were paid to Palacio and Armand in connection with steamship freight. The Munson Steamship Line of New York, represented at St. John, N.B., by the Furness Withy Co., Ltd., was very closely in touch with Porter. This steamship line owns ships operating on South American and West Indian routes, most of their vessels being operated on time charters. The Munson line owns docks in Havana, Cuba, and has special facilities there for the discharge of potatoes. For awhile the Porter group gave the Munson line the preference. In examination, Guy Porter was asked to explain the arrangement which existed between his group and the Munson Steamship Company and did so as follows:—

There was a time for part of a season (1922-3) when we made an arrangement in New York with Palacio and Armand. The effect of it was like this: Munson would

get 75c. net per package for everything on the ship, and . . . an 85c. rate would be charged to all shippers, and that additional ten cents would be split with the Havana bunch and our bunch. . . . Hatfield, Gallagher and ourselves. The other shippers got nothing, because we took the responsibility of carrying the risk of chartering. . . . That arrangement that we made to split those profits, that I outlined, only continued for a month or two, but we found it worked against us in this way: that Munson considered, by giving us this overage or commission—this is my idea—he felt he had that business secure from us and up went the rates.

In explanation of the reason for sharing the overage with the purchasers in Cuba the witness testified:—

The custom has been that the Havana dealers go to New York once a year and make arrangements with the steamship companies there to get a drag on the steamship freight. This, I understand, has gone on for years and years and years, and started on shipments made from Nova Scotia. . . . I understand they have got it from the Munson Line and the United Fruit Line.

Replying to a question as to whether the Cuban purchasers stipulated that certain steamships should be chartered, the witness said:

Very, very often. In fact, we have had very heated arguments—in fact we have come to the rupture point even this season over that question (evidence p. 917) . . . in fact, they refused to give us any business, and demanded that we ship on the steamer specified. . . . We finally had to reduce the price on that boat . . . 5 cents a bag (evidence p. 919). . . .

It will be observed that as a result of the stand taken, the Guy G. Porter Co., Ltd., in this case were enabled to charter at 5 cents or 10 cents a package below the Munson rate, but as they were compelled to reduce the selling price of their potatoes there was no monetary advantage, although, as the witness said, “on dollars and cents there is no difference, but we felt we were free to take advantage of any steamer wherever we could make a good trade.”

The only shippers of the Porter group that participated in profits on freight shipments were the Guy G. Porter Co., Ltd., of Perth, N.B., Hatfield and Co., Ltd., of Hartland, N.B., and C. E. Gallagher Co., Bath, N.B. Other shippers of the group were not included in the arrangement.

On May 30, 1922, Nelles and Clark, of Woodstock, N.B., wrote to the Furness, Withy Co., Ltd., at St. John, saying: “Will you kindly advise us what your rate per sack is on shipments to Havana per ss. *Sydfold*. We understand we have been charged more on this shipment than the other shippers, Hatfield and Gallagher.”

The Furness, Withy Co., Ltd., replied to Nelles and Clark on May 31, 1922, referring them to Messrs. Guy G. Porter Co., Ltd., Hatfield and Co., Ltd., and C. E. Gallagher Co., who they explained were charterers of the vessel and had given them instructions as to the rate charged. On April 22, 1922, Guy G. Porter Co., Ltd., had written to the Furness, Withy Co., Ltd., as follows: “Referring to shipments going forward for O. R. Estey, Nelles and Clark and Woodstock Produce Co., please credit special account with the difference between rates charged these shippers and rate at which ship is chartered, letting us have correct memorandum for amount credited to special account along with the charges.”

On November 1, 1922, the Furness, Withy Co., Ltd., were instructed to charge DeBlois Bros., Ltd., with space on the steamer *Wagland* at a rate of 80 cents per package, this steamer being chartered from the Munson Co. at 75 cents to carry cargo from Charlottetown to Havana. According to a communication from the Furness, Withy Co. freight was collected on this shipment, as instructed, the difference being credited to what was known as the joint account. On November 1, 1922, D. W. Ledingham, manager of the Furness, Withy Co., Ltd., wrote to Guy G. Porter Co., Ltd., as follows: “In reference to fixture of the steamer *Songelo* for cargo of potatoes Charlottetown to Havana, we confirm instructions from Mr. Porter that your firm are to be shown as



charterers of this vessel and we are to collect 80 cents per bag prepaid freight, it being understood that we are not to divulge to the shippers, Messrs. R. E. Mutch and Co., that the vessel has been chartered at the lower rate."

On November 11, 1922, Guy G. Porter Co., Ltd., wrote to Furness, Withy Co., Ltd., sending a copy of his letter to his associates in the group, Gallagher and Hatfield. This letter referred to the ss. *Bertha* which was apparently chartered to take potatoes to Havana at a rate of 65 cents a package. The letter includes this phrase: "It is also understood that Munson has the privilege of taking general cargo except that you are not to take any other potatoes or hay except that shipped by our four concerns." On this shipment, Nelles and Clark, according to the letter, were to be charged at the rate of 70 cents a package, the difference of 5 cents being placed to the credit of the special account. On December 16, 1922, the Guy G. Porter Co., Ltd., wrote to the Furness, Withy Co., Ltd., as follows:—

December 16, 1922.

MESSRS. FURNESS, WITHEY & CO., LTD.,  
St. John, N.B.

GENTLEMEN,—*Re* chartering Munson Steamer *Tela* at 65-cent rate. Please charge Nelles & Clark at the rate of 70 cents per package, placing the additional 5 cents to the credit of our joint account on your books.

We think perhaps we had better give you standing orders to charge Nelles & Clark at a rate 5 cents higher than the rate we pay you. In other words, we simply want a profit of 5 cents per package on shipments made by Nelles & Clark. If we should book space for any other shippers, we will give you special instructions as to what rate to charge.

Yours very truly,

GUY G. PORTER CO., LIMITED.

Later, on February 6, 1923, Porter wrote to the Furness, Withy Co.: "We are pleased to advise that we have made an arrangement with the Estey combination whereby we will all ship on the same steamers in future . . . . . charge Messrs. O. R. Estey, B. F. Smith, Johnson and Turbill and A. H. Bell the same rate of freight that you charge us . . . . . we have agreed to give these shippers the benefit of any freight rates we are able to get."

Porter was on very close terms with the Munson Company and the Furness, Withy Company. D. W. Ledingham, the Furness, Withy Co. manager at St. John, was in close personal touch with Guy G. Porter, as was K. E. Knowles, the Munson Steamship Line manager. The full extent of the relations between the Porter Company and the shipping companies cannot be ascertained from the correspondence. Conferences between Porter, Ledingham and friends took place from time to time, at which matters were discussed verbally; as Guy Porter said in the letter quoted above: "There are some other features in connection with our trade with the Estey combination which the writer will explain to you when he arrives in St. John. . . . . We felt we could explain these things personally better than we could put them in a letter."

The following letter indicates that not only were Porter, Hatfield and Gallagher taking profits on freight from other members of their group, but they were also able to get profits from their competitors:—

FURNESS, WITHEY & CO., LIMITED

STEAMSHIP OWNERS AND BROKERS

ST. JOHN, N.B., CANADA, October 2, A.M., 1923.

MESSRS. GUY G. PORTER CO., LIMITED,  
Perth, N.B.

DEAR SIRS,—We have your favour of the 1st inst., and note we are to secure 3,000 barrels of Bliss seed potatoes from the Manzer interests, to go forward on your next sailing; and that rate is to be collected at 95 cents per package.

The additional 10 cents we shall credit to your special account, as directed.

In conversation with Mr. Porter this morning, he informs us that the steamer *Varg* leaving New York to-night is to take this sailing, and she will have for your account 7,000 sacks and 2,000 barrels, with the additional 3,000 barrels seed.

Yours truly,

FURNESS, WITHY & CO., LIMITED,

(Sgd.) D. W. LEDINGHAM,  
Manager.

It will be observed that there was a 10 cents profit on the Manzer freight, and that this was divided with the J. A. Palacio Company of Havana, as shown by the following letter:—

FURNESS, WITHY & CO., LIMITED

STEAMSHIP OWNERS & BROKERS

ST. JOHN, N.B., CANADA

October 10, P.M., 1923.

MESSRS. GUY G. PORTER CO., LTD.,  
Perth, N.B.

DEAR SIRs,—Confirming our conversation of this morning with Mr. Porter, respecting additional freight of 10 cents per barrel charged on Manzer potatoes for the steamer *Varg*. Whilst freight remittances are not yet to hand from shippers, we have credited one-half of the \$265.90, extra freight, in joint account and are enclosing our cheque in favor of Messrs. J. A. Palacio Co. for the other half, \$132.95.

Yours truly,

FURNESS, WITHY & CO., LIMITED,

(Sgd.) D. W. LEDINGHAM,  
Manager.

Encl.—Cheque.

On October 11, 1923, Guy G. Porter wrote to the Munson Steamship Line as follows: "Confidentially we might advise that we have a cable from Armand stating that on any further purchases he makes from Manzer he will arrange matters so that Manzer's shipments will be forwarded on our steamers. We are very much pleased with the way Havana is co-operating with us, and we want to keep things going in the same satisfactory manner."

The arrangements between Porter and Armand, and between Porter and Munson, in this connection are clearly of the nature of a combine as defined in the Act.

That this taking of freight profits was not popular with some of the shippers is shown by the following letters:—

FURNESS WITHY & CO., LIMITED

STEAMSHIP OWNERS & BROKERS

SAINT JOHN, N.B., CANADA, October 25th, P.M., 1923.

MESSRS. GUY G. PORTER CO., LTD.,  
Perth, N.B.

DEAR SIRs,—Referring to your letter of October 12th, returning cheque in favor of Mr. J. A. Palacio for 50 per cent of additional freight collected on shipments from The McCain Produce Co. and Messrs. Wm. Pirie & Son, per ss. *Varg*.

We have to-day received balance of moneys from Messrs. Pirie, and now return cheque for \$132.95, like amount has been credited in joint account.

The following is extract of letter from Messrs. Pirie:—

As for the extra 10 cent overcharge on boat freight, we are well aware that this is a hold up, but its worth the extra \$200 to us to find out who we are doing business with at times. We can assure you gentlemen that a Furness boat will never carry any further shipments for us or our associates to Cuba.

Just as soon as collection is made for potatoes shipped per ss. *Haderslev* from Messrs. McCain the same procedure will be followed out.

Yours truly,

FURNESS WITHY & CO., LIMITED,

(Sgd.) D. W. LEDINGHAM,  
Manager.

Encl.—Cheque.



The above letter and the following one show that the Guy G. Porter Co., Ltd., were, on behalf of their group, taking profits on freight carried for their competitors:—

FURNESS WITHY & CO., LIMITED

STEAMSHIP OWNERS & BROKERS

SAINT JOHN, N.B., CANADA, November 6, A.M., 1923.

MESSRS. GUY G. PORTER CO., LTD.,  
Perth, N.B.

DEAR SIRs,—We have to-day received from the McCain Produce Co., Ltd., cheque to cover ocean freight on their shipment of 1,000 packages per ss. *Haderslev*. Original cheque had unfortunately gone astray in the mails, which Messrs. McCain explained was the reason for the delay.

This freight was collected on the basis of 95 cents per package, and we are enclosing cheque in favor of Mr. J. L. Palacio for \$50, and crediting balance of \$50 to your joint account in accordance with instructions.

Yours truly,

FURNESS WITHY & CO., LIMITED,

(Sgd.) D. W. LEDINGHAM,

Manager.

Encl.—Cheque.

Palacio and Armand got one-half of the freight overages on the McCain and Pirie shipments, as will be seen by the following letter:—

November 9, 1923.

MESSRS. J. A. PALACIO & Co.,  
Havana, Cuba.

My dear PALACIO,—We enclose check from Furness Withy & Company, Limited, payable to your order personally for \$132.95 to cover half the overage collected on ocean freight on steamship *Varg* on shipments of Bliss forwarded from McCain and Pirie. We also enclose check from Furness Withy Co., payable to your order personally for \$50 covering half the freight overage on one thousand barrels Bliss Seed, forwarded per steamship *Haderslev* by Messrs. McCain Produce Company as per cables exchanged with you and Mr. Armand at the time we agreed to charge Manzer's shippers ten cents extra freight and divide this overage with you, this makes a total remittance enclosed herewith of \$182.95 representing one-half the overage we collected from Manzer's shippers and we are pleased to send this amount to you and Armand.

With our very kindest regards,

Yours very truly,

GUY G. PORTER CO., LTD.

Copy to Armando Armand & Son.

On December 27, 1923, Guy G. Porter, Limited, wrote the following letter:—

December 27, 1923.

MESSRS. J. A. PALACIO & Co.  
Messrs. Armando Armand & Son,  
Havana, Cuba.

DEAR SIRs,—On the 22nd instant we received the following cable from you:—

Answering you don't answer anything about commission on outsiders boats we insist in getting that commission as we need it stop all our associates insist receiving potatoes Munsons boat only account much better service and fear of dock congestion approaching which might cause that some outside steamer arrive and find no dock to discharge except Atares wharves where we will not accept any potatoes stop notice in some your cables to Suris you quote with and without rebate please understand that according to our New York agreement we are to get rebate in all shipments through the season therefore please dont quote any price without rebate. Palacio Armand.

We wrote you fully on the 19th instant advising you that there was no commission due anybody on the two steamers chartered outside of the Munson Line. As we explained to you in our letter of the 10th when we wanted these steamers Munson was not in a position to supply them and we had to go outside. We did not ask these outside companies to protect any commission for you on the contrary we pressed them for the very lowest rate possible, but at even at that we were obliged to pay a high rate. In view of the extremely hard competition we have had in the Havana market this season we must hold ourselves in position to take advantage of the lowest ocean rates available.

We note that all your associates insist on receiving their potatoes via Munson steamers and in this connection we are pleased to co-operate with you to the fullest extent possible providing of course that Munson can meet competitive rates but so long as we sell on a c.i.f. Havana basis we reserve the right to take advantage of the lowest rates available.

We note your remarks in connection with our mentioning rebate in cable to Suris. We only did this in order to give you a price ten cents lower than we otherwise could have done and left it optional to you whether you decided to buy the cargo with or without the rebate.

We note from report received from you and from Mr. Suris that conditions have been bad in Havana throughout the season that you have been up against serious competition from Southgate and Manzer and that the business has not shown a profit up to this date. We can assure you gentlemen that in this connection you are not alone. We have had both Southgate's and Manzer's competition to deal with at this end and although we have done the bulk of the business in our territory, Manzer and Southgate have forced us to do it at a loss. We are pleased however, to assure you of our co-operation in eliminating this competition from the field at both ends so that we may eventually get a legitimate profit on the business we do.

With the writer's kindest regards,

Yours very truly,

GUY G. PORTER CO., LTD.

(Exhibit 37)

#### CONTROL OF SHIPPING BETWEEN SAINT JOHN AND HAVANA

Mr. J. G. Robichaud, M.P., in endeavouring to establish business relations in Cuba, had occasion to write to John L. Scott and Company of Havana, and received the following reply:—

HAVANA, CUBA, October 30, 1923.

Mr. JOHN G. ROBICHAUD,  
Shippegan, N.B.

DEAR SIR,—We thank you for your favour of the 9th, and note what you say in regard to potatoes.

The potato combine at both St. John and Havana have the potato situation from New Brunswick pretty well bottled up, and looks now that we will not be able to do any business with you, their having the boats under such supervision to prevent we independents from obtaining decent bookings.

When this condition changes, will advise you in hopes of our yet being able to do a good business together.

Thanking you again and with best wishes, we remain,

Very truly yours,

JOHN L. SCOTT & COMPANY,

(Sgd.) JOHN L. SCOTT.

The necessity for shipping facilities between Saint John and Havana has always been a matter for close consideration by potato dealers, and the control of cargo space between these ports became a live matter between Guy G. Porter, acting for the Porter group, and the Munson Steamship Line. On August 29, 1923, J. French, Assistant Manager of the Munson Steamship Line, wrote a personal letter to Guy G. Porter as follows: " . . . With reference to possible competition. In view of the strength of your organization you will doubtless be in a position to purchase from the small independents such offerings of potatoes as they may have, which would doubtless almost entirely eliminate the possibility of their combining to charter a steamer."

The above extract is from a letter written in reply to a communication from Porter to the Munson Steamship Line regarding rates to be charged. It brought forth the following response from Guy G. Porter:—

September 6, 1923.

Mr. J. FRENCH,  
Asst. Manager, River Plate Department,  
Munson Steamship Line,  
67 Wall St., New York, N.Y.

DEAR Mr. FRENCH,—We want a steamer to sail from St. John on the 18th to 20th inst., minimum 10,000 bags or barrels. We would like to have a fruiter or some kind



of a steamer that will be suitable for the carrying of potatoes at this time of the year; all handling charges for steamer account; payment of freight charges to be made in Canadian funds; demurrage, dispatch, etc., to be the same as in previous contracts. Would you be good enough to wire us, immediately upon receipt of this letter, stating what you can supply, giving us the name of the steamer, description, etc., and until we have settled the question of commission, would suggest that you quote us on a base rate, including no commission to the Havana people or ourselves. The Canadian Government Marine have quoted seventy cents to several of the shippers along the line here, and this is why we are asking you to quote a price, which does not include any commission to the Havana bunch or to ourselves. Once we get the base rate established we can probably arrange the commission a little later.

Awaiting your early advices,

Yours very truly,  
GUY G. PORTER CO., LTD.

GGP/H

Also a letter of the same date marked "personal":—

September 6, 1923.

Mr. J. FRENCH, Assistant Manager,  
River Plate Department,  
Munson Steamship Line,  
67 Wall St., New York, N.Y.

*Personal*

DEAR MR. FRENCH:

I have before me your letter of August 29th, and I fully realize that in order to handle the business successfully the proposition must be put on a reasonable basis for all concerned, and personally I am of the opinion that at the beginning of the season it would be bad business for all of us to start out with too high a rate. The Canadian Government Merchant Marine, has quoted practically all of the shippers along the line here a rate of seventy cents per bag, St. John to Havana, and with a base rate of seventy-five cents as you suggest with Havana Commission of ten cents added and our commission of ten cents added, making a rate here for the shippers of ninety-five cents, is in our opinion altogether out of line. Now I suggest for a starter that we each chop off a nickle. That is you make your base rate seventy cents, make Palacio's commission five cents, make our commission five cents, making a total rate to the public of eighty cents per package. I feel that I could explain to the different shippers here that your service is worth ten cents per bag more than the Canadian Government Merchant Marine, but when it comes to explaining to the shippers along the line here that your service is worth twenty-five cents per bag more than the Canadian Government Merchant Marine, I must state frankly that I am afraid I would fail in convincing them and that they would be in favour of supporting another line and bringing in competition when we do not want it. I feel very strongly that we must have this matter lined up just about right in order to carry it through successfully as we will no doubt have considerable opposition to meet in bringing all the different shippers into line and getting them to use the boats we put on.

Personally I am of the opinion that twenty cents is too much of a handicap to work against. It gives our competitors and yours a chance to get into the Havana market while we are holding the bag, but you can, no doubt, understand how we feel in the matter. If the Havana people are after ten cents for supporting your firm and making no guarantees we naturally feel that since we assume the responsibility of furnishing the cargo and taking on the Charter Party, that we are entitled to as much as the Havana bunch and I therefore suggest that each of us throw off a nickle until we get started and get the business into line. After that if we get an opportunity of doing so we can increase the rate and the commissions as well.

If the above suggestion does not meet with your approval or does not meet with the approval of our mutual friends, Palacio and Armand, I would suggest that we pool our commission. That is on some boats we might get five cents per package commission on other boats fifteen cents on other boats twenty cents, per package commission, but in each and every case the commission would be split between Palacio and Armand on the one part and Porter, Hatfield and Gallagher on the other part. This would give us something tangible to work on. If we find we have hard competition on the steamship end of the deal, we can make our commission very small, in fact we could abandon the commission for a boat or two if we found it absolutely necessary. On the other hand, if we can bring the shippers into line and get them patronizing our service we could increase our commission to a reasonable point as the season progresses. In fact I believe, this idea of splitting the commission with the Havana bunch is the most feasible one as our interests are all more or less the same and I believe it would bring us all closer together on the steamship end of the deal.

I am only throwing out these suggestions with a view of getting together on a

satisfactory basis. In fact I would be agreeable to most any arrangement wherein we share the commission equally with the Havana bunch, but on any arrangement made with the Havana people, I would want you to tell me frankly just what the new trade is, as you can well understand I am not willing to throw away our commission to help the deal along unless our Havana friends are willing to do the same thing, but on the other hand I am willing to go half way to make the deal a success, so if you think favourably of either of my suggestions and care to take the matter up with our friends in Havana, I shall depend upon you to tell me frankly just what the new arrangement is.

We expect to be in the market for a steamer to sail from St. John the week of September 17th to 22nd, so I feel that we should rush any arrangement we are to make to a conclusion at the earliest possible date.

With kindest regards and hoping to hear from you at an early date.

Yours very truly,

GUY G. PORTER CO., LTD.

GGP/H

It will be seen from the above two letters that the Canadian Government Merchant Marine, Ltd., had, according to Porter, quoted 70 cents per package for freight from Saint John to Cuba for various shippers. There were various reasons why Porter preferred to favour the Munson Steamship Line rather than the Canadian line, one was, he stated, that he had trouble collecting damage claims from the Canadian Government Merchant Marine, Ltd. Then again the Munson Line had better dockage arrangements in Havana.

In August, 1923, the traffic manager of the Canadian Government Merchant Marine, Mr. W. A. Cunningham, attended a meeting at Woodstock which was called for the purpose of considering a proposition for a regular service by the C. G. M. M. from Saint John to Havana, but the meeting was not favourable to the C. G. M. M. instituting a regular service. As Mr. Cunningham said in his report to his general manager. "There was no difficulty in seeing that the Porter group fully dominated the meeting, and . . . efforts to bring about a solution so as to enable the independent shippers to get into the market, met with no success. Mr. J. G. Chesley, Department of Marine and Fisheries, Saint John, N.B., spoke briefly, promising his support to any movement on the part of the shippers towards securing increased facilities in the way of consolidated warehouse space, and even on this point there was difference of opinion, the Porter group feeling that there was no need of any more room, they evidently having in mind that so long as the space is limited, it would be that much easier to keep out the independents."

Mr. Cunningham's full report to Mr. R. B. Teakle, General Manager of the Canadian Government Merchant Marine, Ltd., dated August 24, 1923, will be found in Appendix 5.

On September 13th, Mr. Knowles, the Manager of the Munson Steamship Line, returned from his vacation and reviewed the correspondence which Porter had with French. His personal letter to Porter of September 13th shows clearly the nature of the arrangements between this company and the Porter group. The letter follows:—

#### MUNSON STEAMSHIP LINE,

MUNSON BUILDING, 67 Wall St.,  
New York, September 13, 1923.

Mr. GUY G. PORTER,  
Perth, N.B.,  
Canada.

#### *Personal*

My Dear Mr. PORTER,—On my return from vacation Mr. French has handed me the correspondence which you have been maintaining and developments in the situation came rather rapidly on September 10. We telegraphed you and cabled to our Havana office at the same time, with regard to the situation and thank you for your co-operation in the matter, which we feel was a very wise move and which I am very glad to be able to advise you, has been concurred in by the Havana



importers, their stipulation, however, being that it is for this steamer only and requesting us to confer with them before going ahead on any future business.

For your private information, it was necessary for us to accept the arrangement as we suggested it to you and in which you concurred, without waiting for a reply from Havana, as otherwise we would have lost the steamer which we were working, to our mutual detriment.

In any event, the present arrangement we feel is the proper way to start and you may be sure we will be glad to see the rate increased from time to time, to cover additional amounts of compensation to you both. Personally, the writer feels that this may be a difficult result to achieve, with the Canadian Merchant Marine quoting as they do and Halifax as well, indicating some weakness. It really seems a matter quite up to you for if you can induce the shipper to pay an additional rate there would certainly be no objection on our part towards collecting the increase and crediting to your mutual accounts. I believe that this opinion coincides very closely with your own and feel that our present method of keeping in touch is productive of a close understanding and good results. Your personal advices, therefore, which you may be sure we will keep private, are very acceptable. Any change in the situation from the other end we will keep you in touch with so that you may have the full situation before you at all times.

Before closing, there is one other point—is Ledingham of Furness, Withy conversant with the arrangements we have made, as the matter of commission enters into it very largely and we do not want to have to pay commission on sums which eventually would be refunded to you and to Havana. If he is not conversant with the situation and you do not care to have him know it, we will have to take up the matter of commissions and base them on a lump sum basis. Your advice on this point would also be appreciated.

With best regards, I remain,

Yours very truly,

(Sgd.) K. E. KNOWLES,

*Manager, River Plate Dept.*

On September 21, 1923, Knowles wrote another personal letter to Porter, in which he referred to the danger of outsiders mixing in the game "to the ultimate detriment of all concerned." This letter is given in full below:—

#### MUNSON STEAMSHIP LINE.

MUNSON BUILDING, 67 Wall St.,

NEW YORK, September 21, 1923.

Mr. GUY G. PORTER,  
Perth, N.B.,  
Canada.

#### *Personal*

Dear Mr. PORTER,—Referring to the telegrams exchanged with regard to the *Glendoyle*, we are apparently reaching an awkward position and it is extremely difficult for us to figure just what position to take. We are between two fires—yourself in St. John and the receivers in Havana—and we are puzzled, frankly, as to the situation.

We really feel that the suggestion made by you, of pooling any interests in excess of the 75-cent rate is an equitable and fair one and have so presented it to Havana. Unfortunately, however, they estimated on an 85-cent rate while you were here, out of which Havana was to get 10 cents until you would increase the rate sufficiently beyond that amount to enable you to get 10 cents as well, which was a satisfactory basis for their interest on a minimum of 75 cents to the Line, which, however, we have advised you before is not a profitable proposition.

Havana, for your information, replied to our cable that they would not agree to these terms and insisted on better protection for themselves, to which we have replied that we are proceeding with the closure of this steamer with you on an 85-cent maximum rate, the amount above the 75 cents to be placed in a fund, the division to be arranged mutually between you and Havana at some future date, but that in the meantime, it is necessary to proceed with the business of moving the potatoes or outsiders will mix into the trade, to the ultimate detriment of all concerned, which would appear to us unwise at the present stage of the game. We have, therefore, telegraphed you the situation as frankly as possible and hope to receive your confirmation shortly after which it is going to be necessary for you and Havana to come to some basis of understanding as long as it is necessary to pool the rate down to 85 cents.

We sincerely hope that it will be possible for you to increase this basis by next steamer so this argument will not arise as otherwise the usual difference of opinion will arise which almost invariably upsets this traffic and which we do hope to be able to avoid this year.

We will anxiously await your letter advising as to the situation and will endeavour to keep you in close touch with the situation.

Yours very truly,

MUNSON STEAMSHIP LINE,  
(Sgd.) K. E. KNOWLES,  
*Manager, River Plate Dept.*

KEK/HM

P.S.—We now have cable from Havana definitely refusing our proposition and making threats of drastic measures in the event of our not agreeing with them. We are nevertheless going ahead with the closure of the *Glendoyle* with you and will expect you to stand by us in case of trouble with Havana.

On September 21, 1923, Porter wrote to Knowles pointing out that although he was desirous of collecting as much commission as possible to be divided with his Havana friends on a fifty-fifty basis, there might be times when competition from outside shippers and outside steamship lines might make it necessary to abandon commissions so as to hold the business against competitors. This letter also shows that Porter was seeking to have the Munson Steamship Line arrange matters with the United Fruit Company (which operates a shipping line known as the "White Fleet") so that the White Fleet would not cut rates to Porter's competitors. Porter was not in a position to approach the White Fleet himself, as his group were engaged in a law suit with the United Fruit Company regarding claims for damage to potatoes. Porter's letter of September 21st, which is referred to above, is as follows:—

ST. JOHN, N.B., September 21, 1923.

KENNETH E. KNOWLES, Esq.,  
Manager, River Plate Department,  
Munson Steamship Line,  
New York, N.Y.

My dear Mr. KNOWLES,—I have your personal letter of the 13th instant and note that Mr. French has handed you the correspondence in connection with the arranging of our steamship service, St. John to Havana, for the season.

I was very glad that our Havana friends agreed to pool the commission on the ss. *Asator* as per conditions set out in my wire to you of the 10th instant. I note, however, that they stipulated that this arrangement apply only on the first steamer and that they request you to confer with them again before going ahead on any future business.

I feel very strongly that the arrangements we made on the first steamer should apply on the season's business, as you can readily understand that we would not care to handicap ourselves in protecting a high rate which included a commission for the Havana people only. This would work a direct handicap against us in meeting prices of our competitors in Havana; as for instance, our quotations on an 85 cent gross rate would be 15 cents higher than if we were figuring on a 70 cent net rate which we might be able at times to get from outside sources and you can readily understand we do not want to work against this handicap unless we can share equally in the commissions collected from our shippers. I feel very strongly that it is to the interests of all parties concerned that commissions collected over and above the base rate be pooled and split fifty-fifty between our friends in Havana and ourselves.

I wired you very fully on the 19th setting out our position very frankly and I feel that you agree with us in that the only feasible way to handle this matter is to maintain a base rate for yourselves and the United Fruit Co. and collect as much commission as possible from boat to boat as circumstances will permit, dividing this commission with our Havana friends on a fifty-fifty basis. There may be times when we get hard competition from outside shippers and outside steamship lines and in such cases I feel that we should abandon all commissions both to our friends in Havana and ourselves, and, if necessary call upon you to lower your base rate in case we are hard pressed, so that we may be able to hold the business against all competitors.

I wired you on the 20th accepting the ss. *Glendoyle* to load at St. John the 28th and 29th instant at an 85 cent gross rate with the understanding that we pool com-



missions with our Havana friends, as per conditions mentioned in my recent wires. I am anxiously awaiting your reply and I feel very strongly that the idea of pooling commissions with our Havana friends is the only solution to the whole situation as otherwise we will be driven into the open market to secure tramp steamers at the lowest possible rates at times when our competitors are making a strong bid for the business. We will, of course, always be agreeable to collecting as high a rate of commission as possible and will always take full advantage of the situation. This is to our advantage, as well as to the advantage of our Havana friends. To this our Havana friends will of course offer no objection, but on the other hand we want them to meet us half way when our competitors are forcing us to quote on a basis of lower rates.

I have to thank you for your assurance, to keep me closely posted as to any change in the situation at the other end, so that I may have as much information on the situation as possible. I have explained the whole matter to Mr. Ledingham of Furness Withy & Co. and he is conversant with all arrangements we have made to date.

It is rumoured here to-day that our opposition is making arrangements to forward a cargo via a United Fruit steamer on October 5th. I understood from your wire of the 18th that the United Fruit Co. were quoting our competitors a 95 cent rate. Mr. McNeice of the Atlantic Fruit Co. spent last Monday with us and we talked the situation over with him very fully since I understood when I was in New York on my last trip that you were working very closely with the United Fruit Co. and that you were agreeable to working on the same basis. I told Mr. McNeice all about our present arrangement and advised him that we would be willing to work with the United Fruit Co. on the same basis as soon as our claims were settled. In the meantime, I hope that you can arrange matters so that the United Fruit Co. will not cut their rates to our competitors as it would surely put us in a bad way if they did. I am just a little worried about United Fruit sailing of October 5th but if they maintain their rate of 95 cents we will have no difficulty whatever in meeting the situation.

I am a little disappointed in not having you confirm the s.s. *Glendoyle* for the 28th and 29th as per my wire of the 20th, but I presume you are withholding your reply until you get an understanding with the Havana bunch as to pooling the commissions. In the meantime, however, we have been forced to decline a very good offer for a cargo, sailing the 28th-29th.

I want you to feel that we are trying to co-operate with you to the fullest extent possible. I have stated my views very frankly in my recent wires. I think the proposition I have put up is fair and equitable and it is the only basis on which I feel an understanding can be made that will serve to keep us all pulling towards the one end. I shall be glad to hear from you whenever you have any new light on the subject, and with best regards.

Yours very truly,

GUY G. PORTER.

On October 7, 1923, Porter wired the Munson Steamship Line, New York, as follows:—

PERTH, October 7, 1923.

MUNSON STEAMSHIP LINE,  
67 Wall St.,  
New York City.

Answering Palacio Armand advise us have bought 9,000 from our competitors through Manzer sailing 12th 15th in view *Anna Sofia* being large steamer we have cabled Havana requesting they instruct Manzer forward those 9,000 via *Anna Sofia* we have suggested to Armand Palacio that we charge Manzer 95-cent rate splitting the additional ten cents between Armand Palacio and ourselves thereby not disturbing our present agreement with you regarding commission think Armand Palacio will agree this proposition to secure additional commissions and since *Anna Sofia* is sufficiently large to carry double cargo conveniently we suggest that you cable Havana that you can't supply them with steamer sailing 14th 15th account no tonnage available but don't suggest double cargo *Anna Sofia* to Havana for fear they will think collusion between us if Havana refuses consider double cargo we will advise you promptly and you could then offer them tonnage if you so desired meantime book suitable steamer for us laydays 1,820 loading not later 18th sailing not later 20th same rate terms conditions Asator situation Havana not critical in fact very favourable Havana combine reporting all purchases from outside shippers to us and co-operating more closely than ever before please treat as confidential.

GUY G. PORTER CO., LIMITED.

It will be observed that Porter informed Munson that he had requested Armand and Palacio to instruct Manzer to use their ship, and asks Munson to help him in this matter by cabling Havana "Can't supply steamer 14th 15th account no tonnage available."

On October 11, 1923, Porter wrote Munson:—

Confidentially we might advise that we have a cable from Armand stating that on any further purchases he makes from Manzer he will arrange matters so that Manzer's shipments will be forwarded on our boats. We are very much pleased with the way Havana is co-operating with us and we want to keep things going in the same satisfactory manner.

Manzer's shippers objected to this but according to cables (see Appendix 8) they were compelled to ship on the Porter group boats at an increased rate.

On December 6, 1923, Porter wrote to Knowles pointing out that while arrangements with the Munson Line were based on a net rate of 75 cents per package, he had recently received offers of ships at 70 cents per package, and in fact had passed up an offer of 65 cents, and he pointed out that the arrangement with Munson was not altogether satisfactory and suggested that the rebate arrangement should be ended. The letter of December 6th is as follows:—

ST. JOHN, N.B., December 6, p.m., 1923.

W. E. KNOWLES, Esq.,  
Munson Steamship Line,  
67 Wall St.,  
New York, N.Y.

Dear Mr. KNOWLES,—Recently I have been greatly disturbed in the matter of Havana competition. Our outside dealers here are apparently able to increase their sales, notwithstanding the arrangement made for refund freight to Messrs. Palacio and Armand.

At the time of our conference in New York and the suggestion, which was finally agreed to, that you should make refund to these importers it was based on your receiving a net rate of 75 cents. Recently we have received firm offers at 70 cents and as I had informed you when in New York a short time ago, I had passed up an offer of 65 cents and many at 70 cents. These offers do not bear out your contention that tonnage is increasingly difficult to secure, and it seems to me that the arrangement we had arrived at is not a satisfactory solution to increase our business. I feel that we should be in a position to take advantage of whatever tonnage we can secure at the lowest rates offering, but even on receiving equal rates from you, we would have to take care of refund you had agreed to give importers. This being the case, I cannot see now that it is to our advantage to continue using your steamers, but rather a distinct disadvantage as it placed our competitors in a more favourable position, in that they have no such adjustment to take up with their buyers.

Taking all of the circumstances into consideration, I feel you, in justice to yourselves and we, as shippers, should discontinue this rebate arrangement, and so far as we are concerned, we are ready to relieve you from this rebate arrangement, provided you can secure similar release from the parties at the other end. In the final analysis it is clear that we cannot successfully continue the business if we have to provide for refund to buyers as far as the steamship freights are concerned, and we must be in a position to take the lowest freights offering.

I am leaving St. John to-morrow morning for Perth, and since you should have this letter on Saturday morning, I would appreciate your telegraphing your position to me, so that I may know how to act in the fixture of the next steamer we will require.

Yours sincerely,

GUY G. PORTER.

On December 8th Porter wrote to Knowles informing him that he had been offered steamers at 70 cents net, and although he did not book any steamers with the agent offering them at this rate, he realized that these ships would be offered to his competitors right away. As Porter said in his letter: "Now the big question is, how are we going to fix things so that we can all take advantage of the situation and cut out all rebates to everyone?"



On December 10, 1923, Knowles wrote to Porter stating that the elimination of the rebates would satisfy his firm very well, but the question was as to how the Havana people would react to such a suggestion.

On December 13, 1923, Knowles wrote to Porter stating that a cable had been received from the Furness, Withy Company at Saint John referring to Porter's demand for an open rate of 70 cents, making the matter a purely competitive one. The Munson Line accepted this offer with some misgiving, but as the letter stated, "depending upon you to control the situation as far as shipments are concerned."

On December 19, 1923, Porter wrote to Knowles setting forth why it was necessary for him to take a decided stand in the matter of freight charges and rebates. He pointed out that there was a "commercial war in Havana between Southgate, Manzer's shippers and ourselves. All three combinations appear to be willing to cast all profits to one side and fight the matter out to determine who is eventually going to control."

It will be observed that Porter's competitors were being quoted a 70-cent rate, while Porter had to figure on a higher rate because he had to provide for the freight overage which has been referred to in detail in another section of this report.

On December 21, 1923, Knowles wrote to Porter stating that he had advised the Havana people that in view of the market situation it was impossible to obtain a rate which would allow a refund to them. Mr. Knowles went on to say that "with direct handling of the situation between us in the future as it has been in the past, we believe by this method we can both win out and certainly the combination should be sufficient to make it extremely difficult for anyone else."

To summarize, the Porter group used every endeavour to control shipping of potatoes between St. John and Havana. They used their influence with members of the Havana combine who might buy from the Porter group's competitors, to have said competitors ship via vessels chartered by Porter, thereby allowing Porter to fix the freight charges at a higher rate, thus giving his group an advantage over competitors, as well as a profit on his competitors' freight. The arrangement would give Porter, Hatfield and Gallagher a decided advantage over other members of their group and competitors who had to pay a freight overage.

The arrangements between the Porter group and the Munson Steamship Line were such that the Porter group were not anxious to reduce freight rates or even to accept vessels from other lines. As Porter said in a personal letter to French of the Munson Steamship Line, which is quoted in full in a previous page of this section of the report: "... I feel I could explain to the different shippers here that your service is worth 10 cents per bag more than the Canadian Government Merchant Marine, but when it comes to explaining to the shippers along the line here that your service is worth 25 cents per bag more than the Canadian Government Merchant Marine, I must state frankly I am afraid I would fail in convincing them, and that they would be in favour of supporting another line, bringing in competition when we do not want it."

This attitude is at variance with the representations made by Hatfield on behalf of his group to Mr. T. W. Caldwell, M.P., on February 25, 1921. At that time Mr. Hatfield wrote pointing out the difficulties of the potato shippers of New Brunswick in regard to freights on potato shipments. Hatfield said: "Now I think, as the Canadian Government Merchant Marine have vessels tied up not in use, or sailing to foreign ports with little or no cargo at a loss to the Government, that we should have a regular sailing out of Saint John to Havana ... I think this is a matter which should be brought to the attention of the Government ... I might say further our three firms, namely, Porter, Gallagher and ourselves, would be willing to co-operate and can, as far

as guaranteeing cargoes from Saint John, or assisting in any other way the Canadian Government Merchant Marine in having this route established."

As has already been set forth in this section of the report, the Canadian Government Merchant Marine service was not wanted by the Porter group, because their service would have been equally available to other shippers; whereas the Munson Steamship Line's service was not open to other shippers.

On September 10, 1924, Knowles wrote to Porter to the effect that another shipper was asking for shipping service to Havana stating "We are, therefore, in accordance with our plan of working with you, submitting this proposition for your consideration, having in mind the possibility that you might be able to handle . . . shipments for them and so control this traffic for our mutual account. They are a very old and reliable concern and it might be possible that you could bring them into your combine to mutual benefit."

The firm referred to in the letter quoted above was Wilson, Patterson and Gifford, Ltd., of Saint John, members of the so-called McCain group. Porter had no objection to this firm shipping on the Munson Line, because being at the time a member of the McCain group, they were parties to the arrangement existing at that date by which the McCain group handled one-third of the business, while two-thirds was being handled by the Porter group.

On September 26, 1924, Porter wrote to Knowles as follows:—

September 26, 1924.

Mr. K. E. KNOWLES,  
Munson ss. Line,  
67 Wall St., New York City.

DEAR KNOWLES,—I have your wire of the 23rd instant received as follows:—

Furness advise you have chartered *Eidsbotten* in view our relations with you cannot understand your action particularly in view expense we have absorbed many times to give you service.

I also have your letter of the 23rd instant and have noted same very carefully. When I left St. John on the 15th after we had completed arrangements with Armand and Palacio, I wired you stating that we had completed satisfactory arrangements with Armand and Palacio for the season's business and that we were holding the matter of chartering steamers entirely in our own hands, to take advantage of competitive rates. I did this, so that you would not be unprepared when you made your final arrangement with Palacio and Armand.

Now, in connection with our chartering the ss. *Eidsbotten* we were quoted 70 cents by several concerns, so the rate seemed to be quite general. I might also mention that I have been quoted a 70-cent rate by several concerns for steamers ready during the first, second and third weeks in October, so the 70-cent rate seems to be quite general, these offers come to me unsolicited and without any firm bid from me.

You can depend upon me standing by my promise made to you in New York in effect, that I would give you the preference at the same rate in view of the splendid service you give us. I also explained to you at that time that we wanted to hold ourselves in position to take advantage of competitive rates, we are still selling Havana on a c.i.f. Havana basis. The freight is for our account and naturally we are interested in securing the lowest rates possible. Your accommodations at Havana are first-class, your service is good, your type and grade of boat however is the same as we are getting from other companies. We are also chartering with the understanding that the choice of wharf at Havana will be made by us so we are therefore getting good delivery at several different wharves in Havana, nevertheless, we want to give you our business providing of course, you can meet competitive rates. At even rates the business is yours, but as I explained to you in New York I am not willing to pay a premium for your service, this is a question of dollars and cents with us and since the freight is for our account, we naturally hold the matter of chartering these steamers in our own hands, and we can see no reason why we should pay you from five hundred to a thousand dollars more money on these steamers, than we would have to pay for equally good service from other concerns.

After we had received a 70-cent rate from two different concerns we told Mr. Ledingham about it and give you twenty-four hours to meet this competition, which we consider as a very liberal act on our part.

Whether you have agreed Palacio and Armand a five or ten-cent drag, we do not know if you have, this must surely stand in the way of your meeting competition in rates. It is not for us to say whether you should do this or whether you should not, in fact we are not concerned as to whether you do or do not. The only thing that



concerns us is, the securing of proper and suitable tonnage to suit our requirements at a rate as low as is going in the market. We do not think you can hold anything against us for taking this stand in the matter. We might mention that we are quoting on a steamer to sail from St. John on the 7th to 10th proximo. We have not yet sold, and do not know whether we will sell for sailing these dates or not, but we have already been quoted a 70-cent rate by two different concerns for sailing that week. If you can meet these rates, we shall be very glad to hear from you by wire upon receipt of this letter. In the meantime,

GGP:PJ

Yours very truly,

A. D. McCain stated in evidence that he had arranged for a shipment on behalf of his group by a certain steamer, but the Havana customers for whom Palacio was acting cabled and insisted that a Munson boat be used, and rather than lose the order the McCain group shipped on a Munson boat and used the steamer originally chartered for Havana for another port (p. 1079). As McCain said (p. 1139): "They forced us to ship by a Munson boat and we paid 75 cents when we could have got a boat from other people at 70 cents, and that 5 cents on ten thousand packages represents \$500." It will be seen that as McCain was forced to charter a Munson boat and pay a higher freight rate than he could otherwise have obtained, his cost of landing potatoes in Cuba was increased and the price to the grower reduced accordingly.

The Havana combine took a dictatorial attitude in other matters besides the steamship lines to be used; for instance, on December 31, 1924, Palacio cabled McCain as follows: "Understand you have cargo afloat to Neuvas, Caibarien and other outports. This interferes with our business and wish to know what this means." It so happened that Palacio was mistaken; at any rate McCain cabled on January 1, 1925: "Have no cargo afloat nor any cargo sold outports."

A few weeks later, January 20, 1925, Manzer, who was McCain's broker at Havana, cabled to him as follows: "Porter cabled Palacio that your group loading cargo for Cuban outports and combine requested we send you cable as they claim they supply outports from Havana. We think Porter making himself unnecessarily busy regarding this matter." On the same day Manzer also cabled McCain: "Combine request that in future you make no potato shipments to Cuban outports excepting Santiago, Manzanillo and Guantanamo. Advise."

On February 13, 1925, Manzer again cabled to McCain: "Combine have information you shipping cargo this week for Caibarien and Neuvas. As in former cable they request you discontinue these shipments. They wish statement from you as to whether you will discontinue these shipments."

## ACTIVITIES WHICH AFFECTED THE PRICE PAID TO GROWERS

Complaint has been made that the price paid to the growers for potatoes has been uniform to a great extent, not only as between members of the Porter group, but so far as practically all buyers are concerned. This is not a strange condition and might be brought about without any special agreement in view of the fact that all buyers were buying the same grade and kind of produce and in most cases selling in the same market. The buyers are in continual close contact with one another and if any one of them, for whatever reason there might be, raised or lowered his price, the others quite naturally would do likewise. In addition to the personal contact with one another, the buyers were in the habit of securing information as to prices from the New Brunswick Potato Exchange (p. 154), and although several of the dealers stated in their evidence that they based their price on the market, it would appear that they actually got their market information from the head of their group or the Exchange. There were, however, certain activities which went beyond the scope of a normal contact between deal-

ers, and there is evidence to the effect that a buyer working for Hatfield and Company took his instructions as to prices from Guy G. Porter of the Porter Group. The following evidence of W. Percy Murphy of Andover, N.B., given under oath February 25, 1925, is a case in point:—

Q. When you have been in charge of the warehouse for Hatfield, I suppose you did the buying, did you?—A. Yes, did all the buying.

Q. And did you use your own judgment as to what you would pay, or how did you get your figure?—A. Oh, I could get figures from Hatfield either by letter or telephone.

Q. You would be told what to pay for potatoes?—A. Yes, when they were in alone. Of course, after they were in together, the prices was run according to Porter's prices.

Q. When you were first acting for Hatfield, he was working alone?—A. Yes.

Q. But some few years ago, as I understand, an arrangement was made between Hatfield and Porter and Gallagher to work together?—A. Yes.

Q. That is what you refer to?—A. Yes.

Q. Before that you got your prices from Mr. Hatfield, of the Hatfield Company?—A. Yes.

Q. Heber H. Hatfield?—A. Yes.

Q. He would tell you from day to day what to pay?—A. Well, most always, yes. If there was a rise, he would let you know, or if there was a drop.

Q. He would give you a price to pay until he instructed you differently?—A. Sure—and a chance to bid.

Q. He would give you some margin?—A. Yes. That is, he would say: "Get the potatoes". At that time there was always competition. I would say: "How much will I go?" And he would say: "Get the potatoes".

Q. There was competition from other buyers?—A. Yes.

Q. And he would give you a price he would like to buy at?—A. Yes.

Q. But he gave you some?—A. Chance.

Q. To change if you found it necessary in order to get the potatoes?—A. Yes.

Q. Would he limit you?—A. No. He would just say: Buy the potatoes.

Q. I suppose, if you found them going too high, you would call him up, or do something?—A. Yes; instruct him—or if the market was going off he wouldn't be so anxious to get them.

Q. He would notify you of that?—A. Yes.

Q. Do you remember when this new arrangement was made, that the companies would act together?—A. I think it was somewhere about four or five years ago when they first started.

Q. They began to ship together?—A. To ship together to Cuba, yes.

Q. And you were notified to that effect?—A. Yes.

Q. You were still acting for the Hatfield Company?—A. Yes.

Q. Buying at the same warehouse?—A. Yes.

Q. But you were notified that this arrangement had been made?—A. Yes; we were notified that we were to pay no more than Porter.

Q. Who notified you to that effect?—A. Hatfield.

Q. Did he do that by letter or by telephone?—A. He was up here.

Q. And told you?—A. Yes.

Q. Told you that they had made this arrangement with—A. No, he didn't say they made any arrangement at all. He just said: Pay the same price as Porter pays.

Q. I thought I understood you to say he told you they had made an arrangement to ship together?—A. I heard that. He didn't tell me.

Q. But, as a matter of fact, you knew there was such an arrangement?—A. Yes.

Q. But he did tell you to pay the same price as Porter?—A. Yes.

Q. Do you remember exactly what he said about that?—A. I couldn't say exactly. He said: Pay the same price as Porter does as you go along.

Q. And that, you think, was four or five years ago?—A. Somewhere around there.

Q. And you have continued to do that from that time, as long as you were acting?—A. Yes.

Q. Did he ever speak to you again about it?—A. No. Some times there were some disputes—that I would run a little higher than Porter—and he would call me up and

some times give me a talking to about paying a little more than I should be paying.

Q. That is, you mean Hatfield would call you up?—A. Yes.

Q. How did you get your price, so you would know it was the same as Porter's?—A. Most of the time I called up Porter's office here and got the price from them.

Q. And then you would keep the same price?—A. Yes.

Q. Did any of the Porter people ever object when you paid a little more?—A. Yes, they did.

Q. Do you remember when that was?—A. That was, I think, two years ago last fall.



Q. That would be in the fall of 1922?—A. Yes.

Q. Any more than once?—A. No, just the one time.

Q. Who objected?—A. Well, Mr. Hutcheon and Mr. Porter notified Hatfield that I was allowing Lee Bedell five cents more than the price should be—I was buying Lee Bedell's potatoes; so the result was that they paid five cents more than what I did, and got the potatoes. Arrangements had been made with Mr. Bedell to load two cars of potatoes—

Q. You had arranged with him?—A. Yes; and Porter saw the stock going down there, and he came out and asked him what he was hauling there for—

Q. Asked Bedell?—A. Yes; and he said he had been offered five cents more—but how that was: I was loading for Hatfield on commission—ten cents a barrel commission; that is the way Hatfield had me hired—and Bedell wanted to ship, and I couldn't go there to work—I had too much to do home—and I told him I would allow him half my commission if he would put them in himself. So it wasn't Hatfield paying any more—it was myself.

Q. Bedell was getting five cents more, but it was coming out of you?—A. Yes.

Q. And you say Porter—you mean Guy Porter?—A. Yes.

Q. And Mr. Hutcheon objected?—A. Oh, yes.

Q. Did they object to you?—A. Yes. They gave me quite a talking to for using my commission that way; they thought I was trying to get the better of them.

Q. They both spoke to you about that?—A. Yes.

Q. Where did this occur?—A. Right here in Perth, on the street.

Q. Did they say that that was against the arrangement, or anything of that sort?—A. They said it was understood we would pay the same price, and I was paying five cents a barrel more. I explained it to them, but they didn't see it in that way.

Q. They said the arrangement was that they were to pay the same?—A. Yes.

Q. That is what they said?—A. Yes.

Q. Did they say who that arrangement had been made with?—A. With Porter, Hatfield and Gallagher.

Q. They said that?—A. Yes. That is, they said they were all going to pay the same price. That is here. I don't know outside of here.

Q. They said it had been arranged that here at this station?—A. They would pay the same price.

Q. That Porter and Hatfield and Gallagher would pay the same price.—A. Yes.

Q. Now, this was said to you on the street here?—A. Yes.

Q. By whom?—A. By Hutcheon, and Porter came along when we were talking.

Q. And who made the statement that that agreement had been made?—A. Hutcheon.

Q. What did you say to him?—A. I told him I was abiding by it, only I was taking my own commission and paying it out; it wasn't taking anything out of Hatfield.

Q. And what did either one of them say to that?—A. Well, they couldn't see it that way.

Q. What did they say?—A. They said if I was going to do that, they would have to see about it—make some other arrangement, or something.

Q. Was anything else said?—A. Oh, there was a lot said. We both got pretty mad. I couldn't tell you now all that was said.

Q. Or the substance of it?—A. Yes, most of it.

Q. You say that was in the fall of 1922. About what time?—A. It was about the first of digging. I think it would be about the first of October.

Q. Did you hear anything from Hatfield concerning that?—A. Yes. Hatfield called up.

Q. How long afterwards?—A. The next day.

Q. What time of day was it that you had your interview with Porter?—A. It was in the morning, and about noon Hatfield called up.

Q. The next day or the same day?—A. The same day.

Q. And what took place when Hatfield called up?—A. I explained to him—

Q. What did he say to you first?—A. He told me about this price I was paying—

Q. Did he say who had reported to him?—A. Yes, he said Porter had reported to him.

Q. Did he say how?—A. By telephone—that I was paying five cents a barrel too much; and I explained to him, and he was satisfied with the explanation.

Q. That is, you explained you were paying it out of your own pocket?—A. Yes; and it was just to be for one day.

Q. It was only to be for one day?—A. Yes—I would be there the next day.

Q. And Hatfield was satisfied with that?—A. Yes.

Q. He didn't reprimand you?—A. No, he didn't say anything at all.

Q. You continued to act for him after that?—A. Yes.

Q. Did you ever again make any change in the price, from Porter's?—A. No; that was the only time.

Q. So after that you continued getting your price from Porter's office?—A. Most of the time. Of course, occasionally, they would write and tell me the price.

Q. Who would write?—A. Hatfield. But most of the prices came from Porter's office.

Q. Did you call every day?—A. Oh, no, not every day.

Q. What would make you call?—A. Well, sometimes you would hear a report that the price was going down or up, and I would call to see if there was any truth in it, or something like that.

Q. And you would act according to the word they gave you?—A. Yes.

Q. Was there anybody else loading here at the time?—A. I think there were fellows loading cars on the sidings once in a while.

Q. How would their price compare with yours?—A. They generally had to pay more for the potatoes to get them.

Q. And there is no other occasion that you know, that he found fault with you about paying prices?—A. No.

Q. Did Hatfield on any other occasion speak to you about paying too much?—A. No.

Q. Was there any other occasion when you ever did pay more than the price that Porter had told you?—A. Not unless I made a mistake and didn't get the price.

Q. I mean intentionally?—A. No, not intentionally.

Q. On every other occasion since the companies agreed to work together you have followed the price that you got from Porter?—A. Yes.

That the Guy G. Porter Co., Ltd., strongly objected to other members of their group paying any more for potatoes than themselves, is also shown by the following letter in which the Guy G. Porter Company took the Hatfield Company to task for allowing one of their potato buyers to add to what is described as "the regular price of potatoes" a payment for ferrying charges. These ferrying charges amounted to 50 cents a load, or about 3 cents a barrel.

MESSRS. HATFIELD & CO., LTD.,  
Hartland, N.B.

October 29, 1921.

GENTLEMEN,—It has been reported to us that Percy Bishop, who is loading potatoes for you at our private siding at River de Chute, has been paying the regular price for potatoes plus ferrying charges of 50 cents per load. Now while we have no objections to your using our private siding for loading potatoes, we think that the practice of paying ferry charges is unfair competition. We cannot bring ourselves to believe that you will countenance such picayune transactions as this and we think it would be to our mutual advantage if you would take this matter up very vigorously with Mr. Bishop and see that this practice is eliminated in the future.

Yours very truly,

LAH-K

GUY G. PORTER CO., LIMITED.

(Exhibit 52.)

Thos. H. Noddin, a potato dealer and member of the McCain Group, gave evidence as follows:—

Q. Have you at any time had any understanding with the other purchasers of potatoes as to what would be paid to the grower?—A. Never in the world.

Q. Never at any time?—A. No. I have had them come and put up propositions to me, but I never had an agreement.

Q. People have invited you to enter into agreements, you mean?—A. Well, they have said we would pay so much; but I never agreed.

Q. Who were those people?—A. Well, I couldn't tell you. There was never anybody up the line.

Q. Can you recall anybody who has invited you to . . . ?—A. Well, someone would say around town: we are paying too much for potatoes and couldn't pay any more—what do you say about it?

Q. Who said that?—A. There was nobody up the river done it. It would be around town. It might be Clark or Phillips.



Q. Do you recall any particular times when either one of those did?—A. Well, it has been ten years—1911, I would think, would be the last time anyone ever tried to make an arrangement with me about paying a certain price for potatoes.

Other dealer witnesses giving evidence were equally emphatic that they had never entered into any arrangements to fix prices to be paid to the grower. However, other evidence from various sources shows quite clearly that there were tacit understandings which affected the price to be paid for potatoes.

W. L. Emack, who was until December, 1924, secretary-treasurer and a director of the Guy G. Porter Co., Ltd., gave evidence on February 25, 1925, as to the methods followed in setting the price to the grower. After stating that the price paid to the grower was based on the selling price in Havana after charges and profits were deducted, his evidence continued as follows (p. 1002):—

Q. When you get your figure that you are going to pay the farmer—that you think you can offer the farmer—you say Porter will call up Gallagher?—A. Yes.

Q. And tell him he has had this offer from Cuba?—A. Yes: and asking for his advice and what he thinks.

Q. And on that basis will he tell Gallagher that he thinks they can pay so and so to the farmer?—He will say what he thinks should be paid, and then ask him what he thinks.

Q. He will say to Gallagher; I think we can pay so much to the farmer?—A. Yes.

Q. And ask Gallagher what he thinks about it?—A. Yes.

Q. And Gallagher will either agree or disagree?—A. Well, he can suit himself then.

Q. Do they, as a matter of fact...?—A. They consult each other; but as to holding the price, or anything like that, there is no agreement.

Q. There is no binding agreement as to what they will pay?—A. No.

Q. But they do consult?—A. Yes, as to prices.

Q. What they think ought to be paid?—A. Yes.

Q. And that is done from time to time?—A. Yes, occasionally, as the market shifts.

Q. Is it done each time before the change is made in the price?—A. Well, some times it is, and some times it isn't. To-day, say, they are paying 80 cents, and Mr. Hutcheon might say: The market isn't so good to-day—I will only pay 75; and he will give his orders to his men, and he will call up Gallagher and Hatfield and say: I have changed my price, and then it is up to them to change or not. He passes the word along.

Q. That is the custom—to pass it along?—A. Yes; and to the other combine, if he happened to be talking to any of the others.

Q. The other combine?—A. The other members of the combine.

Q. It would seem to be regarded as the proper thing to do—to notify the others?—A. Well, a sort of friendly spirit.

Q. And I suppose he would expect them to do the same with him?—A. Yes, that is true.

This witness further says in evidence (p. 1011), in referring to the strife in Cuba, which has been dealt with in another section of this report:—

Q. Do you know who started to cut prices first?—A. Well, I think both. They wanted the business, and one was eager for it, and they were both out for slashing. I don't know as one had anything on the other at all.

Q. And they did slash, one against the other?—A. Yes.

Q. That is, the prices were cut in Havana?—A. Yes.

Q. And each one was trying to destroy the other?—A. He was trying to get business.

Q. And incidentally to put the other one out of business?—A. That is the idea.

Q. And incidentally the price was lowered in Havana?—A. Yes.

Q. The expense of doing business there was the same?—A. Yes.

Q. And the difference....?—A. Was handed back here to the farmer.

Chipman Phillips, a dealer of Woodstock, N.B., stated that dealers had complained to him because he had not fallen in with their ideas as to the price to be paid to the grower. Mr. Phillips' evidence on the matter is as follows (p. 170):—

A. I will tell you: I wanted to get in an organization to ship to Cuba, and one of the parties made that objection—that I paid too high for potatoes.

Q. Did he make it to you?—A. Yes.

Q. Who was that?—A. Well, I am getting in pretty deep water now, ain't I?

Q. I don't think so.—A. Of course, that is some time ago. It was Mr. Estey. That is the year I said I couldn't get any access to Cuba, because there was just two organizations. It was Mr. Estey who objected.....

Q. That is Orison R. Estey?—A. Yes. He told me some of them didn't want me in. I says "Why?" "Well", he says, "they say you pay too much for potatoes".

Q. Have you ever at any time agreed with any other dealer as to what price you would pay for potatoes?—A. No, I never did. I have had different ones say—first they would say, "What are you paying," and lots of times I wouldn't say, and if they kept at me I would say "I ain't paying anything; there have been none in for three or four days". I try to evade pledging myself to anything. Charlie Clark says, "Chip, you are no good at all; we can't get you anywhere on prices on potatoes"; and I just put him off that way.

This witness also gave evidence to the effect that Herbert Johnston, of Johnston and Turbill, potato dealers of Woodstock, had been buying potatoes from him at \$1.15 or \$1.20 a barrel, at the time Phillips was paying \$1 a barrel to the grower. A few days afterwards the price to the grower generally dropped to 90 cents a barrel, and a few days later still, Johnston asked Chipman Phillips to sell him another carload of potatoes. At this time Chipman Phillips had a car half loaded and Johnston suggested that he should complete loading the car and sell the carload to him for the same price as had been previously: that is, \$1.15 or \$1.20. Chipman Phillips' evidence continues the story (pp. 189-191):—

A. I said, all right, I will load you a car; I will pay a dollar and get enough to make out a car, and load you a car. He says, No. Chip, if you pay a dollar for them, I can't buy from you.

Q. Who was it said that to you?—A. Herb. Johnston, of Johnston and Turbill. He said—shook his head, and said: "No, Chip, if you pay a dollar for them I can't buy them from you".

Q. Although you were going to turn them over to him for a dollar?—A. No—but for the same price I did before they got together.

Q. What was that?—A. I think \$1.20 or \$1.15.

Q. What did you say to him?—A. I didn't say anything. He walked off, and didn't buy the potatoes. Now, that looked to me as though they had made an agreement.

Q. An agreement to what effect?—A. That they wouldn't pay the farmer over 90 cents.

Q. He wasn't buying anything from the farmer.—A. No; but if I paid a dollar, and sold to him, the rest would be expected to pay a dollar—and he walked off and didn't buy, and they stayed down to 90 cents, and he came along about a week or ten days after that and bought those same potatoes from me; but I had got them from the farmer for 90 cents.

Q. Did you let what he said affect you?—A. In what way?

Q. He said he wouldn't take the car from you if you paid the farmer a dollar, and you say you afterwards bought them at 90 cents. Did you reduce your price to the farmer as a consequence of what he said to you?—A. I was just buying any I could sell, because I had no outlet.

Q. Did you reduce your price to the farmer because of what Johnston said to you?—A. I can't say I did.

Q. If you bought the potatoes afterwards for 90 cents, would it be fair to assume that that was the price you should have paid when Johnston spoke to you?—A. I was willing to pay the dollar and give them to him for what he offered.

Q. But you afterwards did buy enough to make a carload?—A. Yes. They came along; I didn't go out for them.

Q. Then you had got wise to something—you had learned that you were paying more than the market price, presumably?—A. I knew the market was only 90 cents; but I didn't know why it was 90 till he came in and told me this.

Q. And the reason you suggested paying a dollar was so that you could without delay make up the car?—A. Exactly.

Q. Because at 90 cents they might have gone to other buyers, and you were anxious to get the carload for him and so were going to pay a bonus over the market price?—A. No, I wouldn't call it a bonus over the market price. I had been buying for a dollar and turning it over to him for that same price.....

Q. What same price?—A. It was \$1.15 or \$1.20.

Q. And that you considered margin enough over and above the market price?—A. Yes; I was perfectly willing to pay the dollar and go on and do business like that;



but he said: No, if you pay a dollar for them, I can't buy, and he went away that way, and didn't buy them.

Q. You didn't make any note of the price at that time.—A. It was 90 cents all over; and to my mind he didn't want me to break the price.

Herbert Johnston, of Johnston and Turbill, who is referred to in the foregoing, was examined as to his method of arriving at the price paid for potatoes. His method of arriving at the price to be paid to the grower is set forth in the following evidence (pp. 473, 474):—

Q. ....Then how did you arrive at the 65 cents which you agreed to pay?—A. Well, I don't know. I guess they looked at it.....

Q. Who is "they"?—A. Well, myself, for instance. I think that is what they were paying on the other side of the line.

Q. That is, over in Maine?—A. Yes; perhaps 75 there—and as I told a number of shippers that were talking about potatoes—I said: We will pay 65, and we can't lose any money; there will surely be a time when they will be worth more money than that; and I guess they tried to pay every cent they could——

Q. Just a moment! You said you said to some shippers——?—A. Yes.

Q. That "We better pay 65—we can't lose on that." Whom did you say that to?—A. Why, I think I told one of Hatfield's men at Debec here.

Q. Who would that be?—A. A fellow named Carson.

Q. What does he do?—A. Loads for Hatfield.

Q. He would have no right to fix the price?—A. No.

Q. Well, who did you tell that had a right to fix the price?—A. I don't know as I told anybody who—

Q. You said you told some shippers.—A. We started to pay 65 cents. I had supplied fertilizer to some of the farmers—

Q. Did you open the market yourself?—A. No; but I think we shipped about the first cars shipped. I shipped the first car to St. John.

Q. You just paid 65 cents—you thought that was a safe price and you didn't think you could lose?—A. No. I didn't feel like asking for potatoes for 50 cents. I thought surely I could get out on 65 cents.

Q. And you got out on a very handsome margin on that boat?—A. Yes; but we took an awful chance.

Q. You fixed in your own mind 65 cents as something that was safe?—A. Yes.

Q. And you have already said you discussed that with some other shippers.—A. Yes.

Q. Now what other shippers did you discuss that with?—A. I think I spoke to O. R. Estey about it.

Q. You talked over with him the advisability of paying 65 cents?—A. Yes, I think so.

Q. And who else?—A. I think I talked with Charlie Clark here.

Q. Of Nelles & Clark?—A. Yes.

Q. As to the same thing?—A. Yes.

Q. And who else?—A. I guess that is all I remember saying anything to about the price of potatoes.

This witness also gave evidence (p. 460), which is quoted elsewhere in the report, to the effect that the cutting of prices by the Havana brokers resulted in a reduction in the price paid to the grower.

Fred W. Pirie, Grand Falls, gave evidence as follows (pp. 574-6):—

Q. I asked you about other people buying at the same stations with you, and your method of arriving at a price. Did you take any means to check up your price or compare it with any of the other dealers?—A. When we were buying?

Q. Yes.—A. Yes; we always knew what the other fellow was paying.

Q. How would you know that?—A. Well, the man right alongside of us—our man could very easily see what he was paying the farmer for a load of potatoes; or ask him, and we never had any doubt as to what he told us was the price he was paying; and we tried to work on a par with him.

Q. You tried to keep the same price?—A. Yes.

Q. Was there any understanding between you that you would do that?—A. No, excepting we tried to have it understood we wouldn't be scrapping all the time and trying to get a load of potatoes away from the other fellow's customers—we wouldn't be scrapping over a load of potatoes—

Q. You say you had no understanding except that. Now, when did you have that understanding?—A. Well, if I sent a man out to a siding to buy potatoes along—

side of Porter or Gallagher, we would work on a par until perhaps Porter might tell his man to pay five cents more, if the market would take care of five cents, and Porter might call me up and say: Fred., I think the market is good for five cents more. That would be about the only understanding we would have.

Q. And he would do that, would he?—A. Yes.

Q. Porter wasn't in your group at that time?—A. No.

Q. But still he would call up and say that to you?—A. Yes.

Q. And then would you both agree that you would pay the extra five cents?—A. Yes.

Q. And that has repeatedly happened?—A. Yes.

Q. During the time that you have been . . . —A. Yes, happened for years.

Q. And has happened this year?—A. Yes.

Q. Did anybody else call you up and make similar arrangements?—A. Oh, yes. From time to time I will get a call from some of the other shippers, and they will say, I understand you are paying such and such a price at a certain siding. Yes. Well, don't you think the price is a little high, or don't you think the price is this or that? Shouldn't we be paying this? We might discuss it and it might not have any effect. For instance, if I could get hold of my man and say: Pay so and so—well, he might call me up during the day and say: Gallagher's man is paying five or ten cents more this afternoon than he paid this morning. If I wanted the potatoes I would say: All right; follow him up. If I didn't want them, I would say: Let Gallagher's man have them. Things like that would take place, but I can't say that is the general course of events every day.

At times the dealers find it desirable to put the prices down so as to prevent farmers bringing in potatoes when the dealers cannot handle them, as Harry Webb, manager of the New Brunswick Potato Exchange, explained in evidence (p. 131).

In reply to a question regarding the prices paid by different buyers, and as to whether such prices were about the same or whether there was a variation, Mr. Webb said (p. 152):—

A. There is quite a variation. It is according to how bad a shipper wants the potatoes.

Q. There might be a variation at one siding?—A. Yes. I have seen two different shippers at the one siding, and the price change maybe three or four times a day. They would start at 70 cents, and a man would come in with a car and put it alongside of the shipper's warehouse and raise the price to 75, and the man in the house would raise it to 80, to drive him out.

Further activities affecting the price paid to the grower arose through the struggle for business in Cuba, which is dealt with in another section; for instance, on November 5, 1923, Suris, broker of the Porter group in Havana, cabled: “. . . necessary you boost New Brunswick market check Manzer,” to which Porter replied on November 8: “Doing utmost increase control here advancing price to farmers to prevent Manzer shippers procuring further low price stock.” The full text of this cable will be found in Appendix 8.

A farmer witness stated in evidence that McCain, potato dealer of East Florenceville, had informed him that he would be willing to pay more for potatoes, but he was afraid the other dealers might “drop the price on him when he got to Cuba and he had to have quite a safe margin of profit” (p. 1911).

That personal contact with the buyers had a great deal to do with fixing the price paid for potatoes, is well illustrated by the evidence of R. W. Demmings of Aroostook Junction, who is a farmer and general merchant and buys potatoes on a partnership basis with Gallagher (pp. 1542-4):—

Q. Now, you buy from the country around about?—A. Yes.

Q. And take the potatoes into the warehouse?—A. Yes.

Q. Who looks after the selling?—A. Oh, Mr. Gallagher does it all.

Q. And you do the buying?—A. Yes.

Q. Do you consult with him as to the price that shall be paid from time to time—how do you get the price?—A. I use my own judgment largely. Now, the other day I called him when potatoes dropped ten cents. There was a party came in and wanted to sell 150 barrels at 90. . . .

Q. What had they been?—A. They had been 90 for one day, and I bought 400 barrels, and this man came in the next day. . . .



Q. Was that the highest they have been this winter?—A. Yes—just for one day. I called him and asked him what he thought—would we buy 150 more at 90? Well, he said all right, but the price would be right off again.

Q. He said the price would be off?—A. Yes.

Q. Now, you say they went up to 90 cents for one day?—A. Yes.

Q. Had you spoken to him before paying the 90 that day?—A. No.

Q. You are not attending to the selling at all?—A. No.

Q. And you wouldn't know what price they were selling at in the markets outside?—A. No.

Q. How did you arrive at the figure 90 which you were to pay?—A. Well, I heard that Porter and Clark got word—the thing follows along pretty well.

Q. How did you hear that?—A. Through some of the men. The understanding is this: if a man is selling you, it makes no difference what anybody else is offering, you pay the price. Supposing to-day potatoes are a dollar a barrel, and a customer of mine is hauling in to me, and he comes next morning and a fellow says to him: I will give you \$1.25 for your potatoes to-day. Well, if he is the right kind of a man he will come to you, and if you don't make him the same offer he will say: potatoes are going for \$1.25. Well, he gets \$1.25.

Q. You say this is the understanding?—A. Oh, it is kind of unwritten law, because you can't expect a man to sell his potatoes to you for less than he can get at another house.

Q. You say that when they went up to 90 cents you heard that Porter was paying 90?—A. Yes.

Q. You say some of the men told you?—A. Yes, some of the men who came with a load of potatoes.

Q. Do you take their word for it?—A. Yes.

Q. You don't make any?—A. Oh, of course, you verify the thing some time in the day: but in a little village you soon know what is going on—what prices are, or what the offers are.

Q. Did you call up Porter to see?—A. No. I called Gallagher that day.

Q. Did you call Porter?—A. No, I don't think it. I was up to Porter's house—I was there the next day, but I am not sure whether I was up that day. I don't think I was.

Q. Then you only knew what Porter was paying by somebody who wanted to sell to you coming and telling you?—A. Yes, largely.

Q. Was there any other information you had besides that?—A. Well, the other man too; Clark's man told me he was paying 90 that day, and he is in the other end of the house.

Q. Now, you bought 400 barrels, you say, that day at 90?—A. Yes.

Q. Did you refuse some?—A. Yes, I refused 50 more barrels—No, I didn't refuse that; I refused it the next morning. This man sold 150 that day at 90, when they were really 80. The next day, you see, they dropped to 80—

Q. How did you know that?—A. I don't really remember.

Q. I don't suppose any of the men who were coming in to sell would tell you that?—A. This last was very abrupt; she went very quickly one way or the other. I think it was Sullivan may have spoken to me.

Q. Who is Sullivan?—A. He is buying for Nelles & Clark. Just how I came by that information, I don't know.

A. D. McCain, referring to prices paid to growers for potatoes this year, gave evidence as follows (p. 1101):—

Q. For the early potatoes in the field you paid \$1 for a while?—A. Yes.

Q. And then it went down to 75 and 80?—A. Yes.

Q. And down to 60?—A. Yes.

Q. Then it went up to \$1 during February for a while?—A. Yes.

Q. From November to February it was running along about the same price?—A. Much about the same.

Q. 75 and 80 cents?—A. Yes, 75 to 85 cents—somewhere around there.

Q. How do you arrive at the price which you pay the farmer?—A. Why, simply when we know what we can sell for in Havana, after deducting our expenses, then we try to reserve a fair amount for profit, and pay the farmers the balance.

Q. And how much do you try to reserve out?—A. We like to get somewhere from 10 to 20 cents.

Q. You must get more than that, usually?—A. No.

Q. I suppose the cost of getting it from your warehouse to Havana is about the same?—A. Much about the same through the cold weather. Of course this particular cargo that I am loading next week at \$2.90 paid us a better profit—that and the one

we loaded the other day at \$2.90 are the two best paying cargoes we have had for the season, except the first one I loaded last fall.

Q. How much did that pay you?—A. Roughly speaking, I would say I had a profit of 40 cents a barrel, likely on that.

Q. And that one you sold at \$3?—A. Yes, and I paid a dollar for it and the freight last fall was 80 cents.

Q. But you would have no loss from frost?—A. No; but you are running a chance equal to frost on the early stuff.

Q. Why is that?—A. Running a chance of the stuff being green and possibly not arriving in good condition.

Q. That didn't happen last fall?—A. No, it didn't happen to us.

Q. Then your prices went down to 60 cents?—A. Yes.

Q. But your selling price in Havana seemed to remain about \$2.50.—A. Around there.

Q. So that would leave you a margin of about the same, wouldn't it?—A. Well you see, then we were paying our friend Palacio ten cents out of that.

## UNFAIR COMPETITION

It has been said that competition is the life of trade. This saying refers, of course, to fair competition; unfair competition, from what is known as "sharp practice" all the way down the scale, is inevitably a hindrance to business. One of the nastiest kinds of unfair competition consists of obtaining information in an underhand way about a business rival's affairs.

The section of this report entitled "Arrangements with Cuban Buyers" shows how the Cuban dealers claimed that they paid \$125 to an employee of Mr. Manzer's office staff, and \$200 to one at Southgate's office, as well as \$50 at the office of the railroad company for spying on their competitors for the benefit of the Porter Group. Spying was also resorted to at this end, cable messages intended for O. R. Estey of Woodstock, N.B., being intercepted for the benefit of the Porter group, as is shown by the following correspondence:—

C. E. GALLAGHER CO.

BATH, N.B. December 20, 1922.

FRIEND GUY,—Re message from Manzer to Estey Combination. A good friend of mine heard this going over the wire and copied it and feeling that I would be interested called me by 'phone about 9.30 and gave me the message. The message came through this morning so that we have every chance of having our quotation in Havana before the Estey Co. We feel that we must act quickly as the Trust will certainly try block our sale to the Independents if they do not buy the cargo themselves. Suris should feel out the trade immediately as our boat will probably be in Havana Saturday 23rd.

No doubt you received a letter from Mr. King advising that from private information received from his people he believed the Combine were planning on giving us a trimming on the "Anna". I have not even allowed my stenographer to see this message as she is a Woodstock girl and things might leak out.

My old stenographer is through as she is to be married in January. Personally, I believe that by the first of March U.S. potatoes will be strong competition in the Cuban market.

Yours truly,

(sgd.) C. F. GALLAGHER.

(Exhibit 75)

The message referred to has not been produced, but copies of cables dated January 3, 1923, and January 6, 1923, from Manzer to Estey, copied in Gallagher's handwriting and located in the files of the Guy G. Porter Co., Ltd., are evidence that the Porter group were not averse to the use of underhand methods.

That the nature of the messages may be seen they are reproduced below:—

Radio

O. R. ESTEY.

HAVANA, January 3, 1923.

Every move by Porter with his Cuban business the last years has resulted disastrously for himself and those connected with him. So why should others link up



with one who has been so unsuccessful in his business. Two years ago he had all the Cuban trade from New Brunswick; to-day he cannot get half of it. You and your associates were not wanted until he found he could not drive you out and that you were taking this business from him. As far as Havana business is concerned you can count yourself in much better position to-day than the Porter bunch. Am writing very fully regarding the whole matter to-day.

MANZER.

C. E. GALLAGHER CO.

*Radio*

HAVANA, January 6, 1923.

O. R. ESTEY.

Your price too high. Considering the difference in duty Boston beating your price. Possibly could sell \$2.90. Porter offering cargo on water to Bowman and his associates \$2.50 C.I.F. Mailing you to-day cable codes.

MANZER.

(Exhibit 76.)

The following letter from Gallagher to Porter also probably referred to a similar activity:—

C. E. GALLAGHER CO.

BATH, N.B., Jan. 19, 1923.

MESSEURS. GUY G. PORTER Co.,  
Perth, N.B.

Dear Sirs,—Enclosed find.....also copy of message picked up this morning.....

Yours truly,

CFG:L

(Exhibit 76.)

C. E. GALLAGHER CO.

The enclosure with above letter has not been located.

C. F. Gallagher's evidence regarding these intercepted messages follows (pp. 1356-9):—

Q. Well, what was put up to you?—A. Why, the buyers in Havana.

Q. What would they put up to you?—A. They would say Manzer was doing this and that.

Q. Doing what?—A. Quoting so and so, for instance, when we doubted very much if he was.

Q. Didn't you have track of his wires and know what he was doing?—A. No; we had no track of Manzer's wires.

Q. Didn't you sometimes have them?—A. Have a track of Manzer's wires? Not that I know of.

Q. You are on your oath you know.—A. Track of Manzer's wires?

Q. Yes. Wouldn't you know at any time what wires Manzer was sending?—A. Sending to McCain?

Q. Yes, or to anybody on this end, or anywhere else.—A. I don't think so, unless Suris might cable us what it was reported Manzer was doing at the other end; but a copy of Manzer's cables to his man here—No, I don't think so.

Q. Didn't you sometimes get them?—A. I don't think so.

Q. Is that a letter of yours? (Paper shown.)—A. That is my writing—no doubt about that.

Q. That is your letter, isn't it?—A. Yes.

Q. It purports to enclose a copy of a cable, doesn't it, from Manzer to Estey?—

A. Well, there is no question about that.

Q. That is a letter of yours?—A. Yes.

Q. And you forwarded that to Mr. Guy Porter apparently?—A. Yes.

Q. And in it you enclose a copy, apparently, of a cable or telegram from Manzer to the Estey combination?—A. Apparently.

Q. Which you say a good friend of yours heard going over the wire and copied for you?—A. No doubt every word that is written there is correct.

Q. Then your memory must have been at fault a few moments ago.—A. Yes. That refreshes my memory. I had no copy of the telegrams.

Q. You had no copy?—A. Absolutely not.

Q. What were you enclosing?—A. It was a telephone conversation.

Q. Perhaps you had better read that letter again.—A. I wrote it down; but it was a telephone conversation that I had.

Q. It was telephoned to you over the phone, and you copied it down?—A. Yes.

- Q. Who sent you the telephone message that you just referred to?—A. Mr. W. B. Clark.
- Q. Of Woodstock?—A. Debec.
- Q. Who is he?—A. He buys the potatoes for us there on joint account, at Debec Junction.
- Q. He wouldn't be able to read?—A. He is a telegraph operator; that is, he understands telegraphy.
- Q. Does he work as a telegraph operator?—A. Well, he works in the station there.
- Q. And was working at that time?—A. Yes.
- Q. And he evidently picked the message from the wire and sent it to you?—A. No—in telephone conversation.
- Q. Well, it is the same thing. Did he often do that?—A. No. I think there was another occasion.
- Q. There must have been more than one other occasion, wasn't there?—A. There may have been. I think there was another occasion.
- Q. Did he receive any consideration from you for it?—A. None whatever.
- Q. What was his object—just pure friendship?—A. Well, we were working on joint account there in potatoes at that point.
- Q. He was buying with you?—A. Yes.
- Q. Buying with you?—A. Yes—joint account.
- Q. That is, you were partners in the transaction?—A. Yes; gain or loss to be divided equally.
- (Letter from witness addressed to "Friend Guy," dated December 20, 1922, put in evidence and marked Exhibit No. 75).
- Q. (Papers shown). And would these messages also be got in the same way?—A. Yes.
- Q. Those would be two other messages that came to you in the same way.—A. Yes.
- Q. From the same man?—A. Yes.
- Q. What is the meaning of the heading "radio" on that message?—A. Well, that is just the way he put it.
- Q. The way Clark put it?—A. Yes.
- Q. And they were sent to you over the telephone in the same way, and copied by you?—A. Yes.
- Q. This is your own writing—A. Yes.
- Q. And you forwarded them on to Mr. Porter, evidently for the purpose of being acted upon?—A. Apparently I did, although I must say I had forgotten.

Guy G. Porter, when giving evidence, complained in very bitter terms about Gordon Manzer of Aroostook Junction, N.B., who, he said, was cabling to his brother, J. C. Manzer of Havana, Cuba, weekly regarding the prices Porter was paying for potatoes. Porter asked that the telegraph operator at Andover, N.B., through whose office these cables were sent, be examined on the matter. This was done, the evidence being to the effect that weekly messages were sent from Gordon Manzer, Andover, to J. C. Manzer, Havana. As the operator stated in evidence that she had not disclosed these cables to Porter, it was thought worth while questioning Porter as to how he became aware that Gordon Manzer was sending the cables complained of. Mr. Porter, in reply, stated (p. 1592) that he overheard a message being 'phoned to the telegraph office while using a party line telephone.

Reference to the letters from the J. Suris Company, Havana, to Porter, which will be found in Appendix 6, will show many references to Manzer cutting prices. There is evidence that Suris was doing the same thing. In an undated letter, the envelope of which shows the postmark November 30, 1923, Suris, addressing a customer, says: "We will continue giving you the market price on potatoes, recommending that before considering any offer from our competitors you will consult us because we are in a position to quote from 10 cents to 15 cents lower than whatever price they make you." Suris mentions this matter in his confidential letter to Guy Porter dated December 9, 1923, which will be found in Appendix 6. Suris' letter of December 9 referred to the matter as follows: ". . . At the time we were trying to corner him with his market at \$3.40 and we were authorized by you to sell at \$3.25, we wrote



to all buyers with our offer. . . . We pointed out in the letter that the competition was \$3.40. It seems now that Manzer got hold of one of these letters and he is writing to his shippers to put the matter up to Ottawa. The moment we learned of this, and after consultation with Palacio, he sent his wire out to Hatfield; Armand was told to send one to you, as per our 12307, so that you could get start on him."

Wire 12307 referred to above has not been located.

On December 21, 1923, Porter replied to Suris referring to the above matter and asking that one of the circulars referred to be sent to him as he wanted to know "what we are up against in case we are called upon to make any explanation to the Government." The full text of this letter is given in Appendix 6.

A perusal of the letters and replies exchanged between the Porter group and their Havana associates will show numerous examples of what can only be described as unfair competition. The same description applies to the activities which forced competitors to use boats chartered by the Porter group. Gallagher, questioned as to this activity, was shown the cable sent on October 7, 1923, by Porter to the Munson Steamship Line, which is quoted in full in the section of this report entitled "Control of Shipping," and especially directed to that part of the cable which requested that the Munson Steamship Line inform the Porter group's competitors that there was no tonnage available so that the competitors would have to ship on the Porter group's boat and pay them a profit on the freight. The following is part of C. F. Gallagher's evidence regarding this activity (p. 1375):—

Q. As I understand this, it is that your competitors have sold 9,000 sacks to Palacio Armand in Havana, and this is a request that they compel them to ship on your boat, on which you expect to charge a freight higher than the ordinary freight.—A. Yes.

Q. And that you are asking the Munson people to tell them they have no tonnage, in order to make them pay you an extra amount of money?—A. Yes. That is dealing with the Munson people, to compel them to use the Munson boat.

Q. And compel them to use your boat?—A. Yes; as far as the Munson people are concerned.

On January 16, 1924, Porter sent a cable to Palacio at Havana which contains the following statements: "After Manzer confirmed sale cargo \$3.20 we found Manzer's shippers' stocks depleted. We advanced price sharply and bought all stock available, thereby forcing Manzer's shippers delay their sailing and suffer big loss. By this action we forced Manzer's shipper to make agreement with us on our terms. . . . When McCain quotes Manzer price on fifth steamer we will regulate price. Therefore, suggest you arrange stool-pigeon to buy Manzer's steamer sailing next week. . . . Make absolutely no arrangements with Manzer. We will endeavour to regulate Manzer's operations from this end."

The above illustrations give an idea of the unfair competition which affected the selling end of the potato business.

In the buying end, the methods pursued included activities which were quite as unfair. A buyer for one of the members of the Porter group, Percy W. Murphy of Andover, N.B., gave evidence under oath on February 25, 1925, regarding Porter's policy of driving out other buyers that came into his territory. The following is Murphy's evidence:—

A. It was always Porter's policy to drive anybody out that came in buying, where he was buying.

Q. You say they would have to pay more to get the potatoes. Do you mean Porter would raise his price?—A. Well, he would buck them and try and drive them out.

Q. You mean that if an outsider came in to load a car where Porter was loading, that he raised the price against him?—A. Sure.

Q. That is what you mean when you say he would have to pay more to get them?—A. Yes; just the same as if you went over there to buy, or anybody else.

Q. What would happen?—A. You would have to pay more for your potatoes. Just as soon as they see anyone come in and start to buy, the price goes up.

Q. Who puts it up?—A. Generally Mr. Porter.

Q. That has been the custom, has it?—A. Yes, that has always been the custom.

Q. As long as you have been buying here?—A. Yes.

Q. Under those circumstances do you get notified?—A. No. The only thing I get is what Mr. Porter has to say. He would come down to the warehouse and tell you he didn't want these fellows in there buying. He would say we could handle all the potatoes here—it is no use having any more.

Q. He has said that to you, has he?—A. Yes.

Q. On many occasions?—A. Quite a few.

Q. When was the last time?—A. That would be in the winter of 1922-23.

Q. That would be the last season you were buying?—A. No. I bought last year.

Q. He didn't say it to you last year?—A. No. There was no one came there last fall—Yes, there was, in the fall of 1923, some one there. Mr. Lee Bedell was buying over here.

Q. Who was he buying for?—A. For a Mr. Bull, of Fredericton.

Q. That would be for Boyce, wouldn't it?—A. Yes, I think that is who it would be.

Q. Bedell was buying for him?—A. Yes.

Q. And you were buying for Hatfield at the time?—A. Yes.

Q. Were there any instructions given at that time?—A. No; there were no instructions given. Porter was the only one that did any kicking.

Q. What did he do?—A. He came down and said: We can't let this fellow take so many potatoes—

Q. Who did he say that to?—A. To me.

Q. What else?—A. That was all he said. I called up Hatfield and told him that Porter was bidding on potatoes, and he said: Let Porter have them.

Q. Did Porter raise the price?—A. Yes, he did.

Q. Porter raised the price at the time he told you this?—A. Yes.

Q. What had the price been before that?—A. I think it was somewhere around 90 cents. I have the old bills and things over home.

Q. And what increase did Porter offer?—A. He put them up five and ten cents.

Q. And did Bedell put his up too?—A. He had to put it up to finish the car. I think he loaded three cars altogether, and the price went so high he quit.

Q. And you didn't buy any at the time?—A. Yes, I was buying; but we had about all we wanted, so we weren't particular.

Q. Did you increase your price?—A. No, we didn't.

Q. Could you get them for less money?—A. There wasn't hardly any coming in. Mr. Bedell had been out around through the country and bought them up, and when they came in, Porter would offer more, and Bedell would have to pay the increase, to get the potatoes.

Q. But what about you?—A. I didn't try to buck them at all.

Q. Then you didn't buy any during those days?—A. I don't think I did, unless we had some contracted for.

Q. That wouldn't be buying them.—A. No.

Q. So you stood by and let Porter buck Bedell if he wanted to?—A. Yes.

Q. And after these cars were loaded, what became of the price then?—A. Well, it went back to the usual price.

Q. Back to the old price?—A. Yes.

Q. And it was only those who were lucky enough to come in on those days that got the increase?—A. Yes, that was all.

Q. That was in 1923, was it?—A. 1922 and '23.

Q. But this occasion that you refer to?—A. I think it was in 1922.

Q. And since that there has been nobody come in at all to buy?—A. Oh, yes; there has been this fall, but not while I—

Q. But while you were buying there was nobody else came in?—A. I think one time a fellow named Irvine bought some for B. F. Smith.

Q. Since?—A. I couldn't say whether it was the spring before, or that fall. I remember he was there buying. It would be the spring of 1922 or the fall of 1922.

Q. And what occurred then?—A. The price went up just the same.

Q. Who put it up?—A. Porter.

Q. Did he go to you about it?—A. Yes.

Q. What did he say?—A. He had been away, and when he came back he says: Why are you letting this fellow buy all the potatoes? He spoke to me and his own man at the same time.

Q. You were right together?—A. Yes.

Q. Who was this man?—A. Lloyd Everett.

Q. Where is he?—A. He is over there buying for him now.



Q. And was Irvine paying more than you were?—A. No; he was paying the same price when he started.

Q. And he was getting some potatoes then, and I suppose you were getting some too?—A. Oh, yes, we were all getting some.

Q. Getting your fair share?—A. Yes.

Q. There would be no advantage in the farmers selling to Irvine, any more than to you?—A. No.

Q. So he would have his choice where he would sell?—A. Yes.

Q. Had he bought from many before Porter came?—A. About two cars.

Q. And was still buying?—A. He was loading the third car.

Q. When Porter came?—A. And advanced the price.

Q. And reprimanded his man and you for letting Irvine have them?—A. Yes.

Q. Had you reported to Porter that this car was in there?—A. No. He had been away somewhere.

Q. And he came and asked what you were letting this fellow get these potatoes for?—A. Sure.

Q. And did you say anything?—A. I told him I was getting all I wanted.

Q. What else was said?—A. Well, he said that he was going to put them up. So the next load that came in he bid on the potatoes.

Q. That is, the next farmer that came in with a load?—A. Yes.

Q. What would happen? Would the farmer come and ask what he was offering?—A. No. They would meet him on the road.

Q. Before he got in to the station?—A. Well, right by the station there; they would generally stop.

Q. And what would happen?—A. Well, Porter came along and asked the fellow how much he was getting for his potatoes—he had started in to Irvine with them—and I think he said a dollar. Porter said: I will make it a dollar five; and they bid on them till they went to \$1.20.

Q. Who did?—A. Porter and Irvine.

Q. Irvine came out too, did he?—A. Yes.

Q. And offered what?—A. Offered \$1.10, and at \$1.20 Irvine took the potatoes.

Q. Porter bid \$1.05, and then Irvine \$1.10?—A. Yes; and then Porter \$1.15.

Q. And then Irvine \$1.20?—A. Yes.

Q. It went in five cent bids?—A. Yes.

Q. You didn't join in the bidding?—A. No.

Q. Were you willing to pay \$1.20, or had you no instructions?—A. No instructions. In fact, we had the house filled, and didn't care about getting any more just then.

Q. I suppose the standing instructions were a dollar at that time?—A. Yes.

Q. And you had not been notified to change?—A. No.

Q. Irvine took the potatoes at \$1.20—that load?—A. Yes.

Q. And how did the price continue after that?—A. Well, it ran around \$1.10, \$1.15, until they finished the car.

Q. The next load didn't stay at \$1.20?—A. No. They just kept bidding on them.

Q. Kept bidding on every load that came in?—A. About every load.

Q. They would meet him and bid on every load?—A. Yes.

Q. And they kept it up to \$1.10 or \$1.15 until Irvine's car was filled?—A. Yes.

Q. That was his third car?—A. Yes; that was the last of his buying.

Q. He left then?—A. Yes.

Q. Do you know if he wanted any more or not?—A. Oh, I think he would have kept on buying if the price hadn't gone up. Smith wouldn't stand for it, I suppose.

Q. That was in 1922, you say?—A. I think it was in 1922.

Q. Any other occasion when Porter spoke to you or in your presence about the price?—A. Not that I can remember now.

A witness, Warren Jamer, a farmer of Andover, gave evidence to the effect that on one occasion he had arranged to deal with an Ontario buyer and that Guy Porter had sent a telegram to this buyer, after Jamer had loaded his cars, offering potatoes cheaper than Jamer could sell for.

There is evidence of other cases of unfair competition but it is not necessary to quote them here. Sufficient has been mentioned to show that the methods indulged in by certain potato dealers were frequently outside the bounds of proper competition.

## THE NEW BRUNSWICK POTATO EXCHANGE, LIMITED

The New Brunswick Potato Exchange was organized in September, 1916. It is a company, with a Dominion charter, incorporated for the buying and selling of potatoes and other kinds of farm produce.

The officers of the company are as follows: President, Guy G. Porter; Vice-President, O. R. Estey; Secretary, C. F. Gallagher; Manager, Harry Webb.

Mr. Webb, in addition to being manager, also acts as selling agent for the company.

The principal shareholders are Guy G. Porter Company, Limited, Perth, N.B.; McCain Produce Company, Limited, East Florenceville, N.B.; C. E. Gallagher Company, Bath, N.B.; Smith, Limited, East Florenceville, N.B.; Hatfield & Co., Ltd., Hartland, N.B. A full list of the shareholders with the number of shares held by them is given in Appendix I.

The capital of the company is \$49,000, of which \$14,725 has actually been paid up.

The company was organized by potato dealers to do a brokerage business, \$10 per car being charged for services in connection with potato sales. It does not handle any export business, but deals on the various Canadian markets, including Montreal, Toronto, Ottawa, and anywhere that it can place potatoes in Canada. According to the evidence given by Harry Webb, the services of the Exchange include the furnishing of market prices to shareholders and others. Sales are made not only for shareholders but for anybody who may desire to utilize the services of the Exchange. Although information is said to be freely given to any one who asks for it, it is apparently not always accepted as reliable. One witness in explaining how he got his market prices mentioned that he called up the Exchange for information but was of the opinion that sometimes the Manager quoted him higher than the market. Examined as to his reasons for this suspicion, the witness stated that prices had been furnished to him by the Exchange on which he found he could not make any sales, being above the market (Evidence p. 168). No additional evidence in support of this serious accusation has been secured. The statement is also made by a witness (p. 217) that the Manager of the New Brunswick Potato Exchange, Ltd., favours the shareholders of his company when distributing orders. In other words, when he has orders and can get enough potatoes from the members of the Exchange to fill the orders he takes them from the members of the Exchange. This would appear to be quite a businesslike and proper attitude on the part of the Manager of the Exchange.

The Porter-Hatfield-Gallagher group control the majority of the stock of the New Brunswick Potato Exchange, Ltd., owning 2,139 shares out of 2,955 issued, or 72.4 per cent. In giving evidence, Guy G. Porter (p. 146) stated that he did not see any advantage in the group having control of the Potato Exchange, but that "I would like to have as much control as possible, and I think our shippers feel they would, in order to have more to say about the direction of selling and placing our goods upon the market, the connection the Exchange makes in the different markets as regards selling agents, and all that." Mr. Porter's evidence, while it was frank to a point, did not disclose the fact that he and other members of his group were actively interested in preventing other shippers from becoming members of the Exchange. That this was the considered policy of the group is shown by the following communications:—

Messrs. C. E. GALLAGHER Co.,  
Bath, N.B.

February 12, 1924.

DEAR CHARLIE.—I have your personal letter of the 11th instant in connection with Webb's personal letter to me of the 9th instant, stating that Wilson, Patterson &



Gifford also Pirie were expressing a wish to be admitted as members into the New Brunswick Potato Exchange, Ltd. In this connection I beg to advise having written Webb on the 11th instant as follows: "I have your letter of the 9th instant in connection with Wilson, Patterson and Gifford also Pirie expressing a wish to be admitted as members of the New Brunswick Potato Exchange, Ltd. This is a matter I would want to talk over with Hatfield, Gallagher and Clark before coming to any decision. I am very glad to have the information and will talk the matter over with Hatfield, Gallagher and Clark at the first opportunity. Thanking you for bringing the matter to my notice. Yours truly."

I am of the same opinion as expressed in your letter. I do not think it would be wise for the present season and shall be glad to discuss the matter with Hatfield, Clark and yourself at the first opportunity.

Yours truly,

GUY G. PORTER.

GGP.PMJ  
Copy to Hatfield & Co.  
Copy to Nelles & Clark.  
(*Exhibit No. 48*)

That this attitude is not a new one is shown by the following correspondence in the year 1922:—

Mr. G. G. PORTER,  
Perth, N.B.

BATH, N.B., February 11, 1922.

DEAR SIR,—In reference to the letter of N.B. Potato Exchange Manager under date of February 9, as to admitting others into the membership of the Exchange. We do not think it would be well to do so for the season.

Yours truly,

C. E. GALLAGHER CO.

C.F.G.L.  
(*Exhibit No. 84*)

Extract from an undated letter written by Guy G. Porter to C. F. Gallagher while the former was in Havana, and forwarded to the Guy G. Porter Co. Ltd, Perth, N.B., on March 20, 1922, by the C. E. Gallagher Co. of Bath, N.B.:—

I still feel that we should arrange in some way so that Hatfield could buy enough stock in the N.B. Potato Exchange so that Hatfield, Gallagher and Porter would hold at least 51 per cent of the stock, and have the controlling interest. It would take very little money to do this and sooner or later we will want to use the exchange for our own purpose in reorganizing the potato business in N.B.  
(*Exhibit No. 37*)

May 19, 1922.

Mr. H. H. HATFIELD, HARTLAND, N.B.,

DEAR HATFIELD,—Please note copy of my letter to Harry Webb, in connection with offering you the stock you once held in the Exchange. Personally, I feel that Porter, Hatfield and Gallagher should own the controlling majority of the stock in the Exchange and I am very anxious that you buy enough stock in the Exchange to give the three of us the controlling interest. I think we should put through considerable organization among ourselves this summer, and before starting to do so or before disclosing our plans to the public, I feel that we should own sixty or seventy per cent of the stock of the N.B. Potato Exchange, so that we could control the Exchange in such a way as to help our own interests. You will remember, I talked this matter over with you and Gallagher last fall, and I have not changed my mind, and think this matter should be considered and some action taken immediately.

I believe you can buy the stock to-day at a very small figure. Will you kindly consider the matter and let me know if you would like to do this. I will undertake to secure the offering of this stock for you and give you the price on it, providing you feel that it would be of any advantage for the three of us to hold the controlling interest.

I am sending copy of this letter to Gallagher and would like to have his views on the matter, as well.

I would recommend that you insist on receiving the exact number of shares you originally held in the Exchange, in case you buy back any, as this would give us voting power, which we require.

Yours very truly,

GUY G. PORTER.

GGP.MEG.

June 23, 1922.

Mr. CHARLES F. GALLAGHER,  
Bath, N.B.

DEAR CHARLES,—I would like very much to get a list of the stock issued to the different shareholders in the New Brunswick Potato Exchange, Limited, and I am a little afraid to ask Webb for this list; thought you could get it without any difficulty. It is very important that we have this list to find out what stock it would be necessary for our combination to buy, in order to control the situation.

Would you kindly let me have this at your earliest convenience.

Yours very truly,

GUY G. PORTER.

GGP.MEG.  
(Exhibit No. 47)

July 19, 1922.

H. H. HATFIELD,

25 Cedar Avenue, Old Orchard, Maine.

Friend HEBER,—At the meeting of the members of the N.B. Potato Exchange yesterday, when the question of authorizing a transfer of the 90 shares of the B.C. McIsaac stock to me, came up, the chairman, Mr. B. F. Smith, became very suspicious and refused to put the motion, claiming it was contrary to our agreement. His ruling was sustained by those present, namely, O. R. Estey, A. D. McCain and J. W. Bohan. Porter and myself voting otherwise. This was at the directors' meeting.

When the shareholders meeting was called I again asked for ratification of the transfer of the stock and the chairman again refused the motion, stating that the stock had not been considered so valuable that anyone should be particularly anxious to purchase. During the discussion I was asked in a measure to define my position and I suggested that the Exchange would either require to be strengthened with the addition of new members, such as Clark and yourselves, or disbanded. And I therefore suggested that the shareholders' meeting be not closed but adjourned to meet at a later date. This suggestion was acted upon and the meeting adjourned to meet at Florenceville at two o'clock on Tuesday next, 25th inst.

A committee consisting of H. Webb and myself were appointed to interview C. W. Clark and yourselves with a view of taking the stock in the Exchange and again becoming members.

Both Mr. Porter and myself talked this matter over carefully with Mr. Webb and Mr. Jones and this would appear to be the only way in which we can procure control of it. We feel that if you would purchase a block of 350 or 400 shares at the price at which they are valued to-day, namely, \$1 per share, that we can then have the necessary stock to get us the majority vote, and you can also be appointed director which would enable us to control the Exchange. Mr. Webb is quite agreeable to working for us and we believe it could easily be arranged so that Clark would not take sufficient stock to interfere with what we have in view. We feel that if we suggested your name only that they might think the same as they did in reference to the transfer of the McIsaac stock to me.

It would be absolutely necessary for you to be present at the meeting on next Tuesday, if we are to carry out the plan which we had in view. Please wire on receipt of this letter whether this meets with your views or not and if you will be present at the meeting.

It might be that we can also arrange to have the fertilizer meeting before your return to Old Orchard, however that would be as you wish.

Hoping that you are enjoying your vacation at Old Orchard and that Mrs. Hatfield and your boy are real well, I am,

Yours sincerely,

(sgd.) CHAS. F. GALLAGHER.

(Exhibit No. 83)

Mr. Guy G. Porter in his evidence stated that the New Brunswick Potato Exchange had been a losing proposition from the beginning, but possibly the reason for its continuance in such circumstances may be found in the following evidence regarding his reason for desiring control given by him (p. 147):—

A. . . . . it was proposed by some of the members of the Exchange that the Exchange go into the Cuban business and handle it, and that is something that I personally didn't approve of.

Q. You wanted to keep them out of that, because you had to some extent some control over the Cuban business, and this would be another spoke in the wheel?—



A. Yes. It was suggested that the Exchange operate, and that all others retire and let the Exchange operate there, and then agree on some division of the business, in order to cut out the competition among the different shippers here.

### FROST-PROOF WAREHOUSES, SAINT JOHN, N.B.

The application for the investigation refers to the public frost-proof warehouse at the port of Saint John, the allegation being made that Porter, Hatfield and Gallagher, while first urging that the Government establish a public frost-proof warehouse at Saint John, afterwards decided to establish one at their own expense, realizing that by doing so they would be assisted in their efforts to control the export of potatoes from Saint John in so far as winter shipping was concerned.

On February 25, 1921, H. H. Hatfield wrote to T. W. Caldwell, M.P., asking him to take up with the Government the matter of furnishing frost-proof warehouse facilities at Saint John (Exhibit 23).

On March 1, 1921, Mr. Caldwell replied to Hatfield stating that he was taking up the matter with departments at Ottawa, and on April 28, 1921, Hatfield and Co. Ltd., wrote to Mr. Caldwell stressing the necessity of the facilities asked for and mentioning that they had taken the matter up with the Guy G. Porter Co., Ltd., and the C. E. Gallagher Co., asking them to co-operate with Mr. Caldwell and forward him all information possible in connection with the matter. In their letter to Mr. Caldwell they stated: "We are attaching you herewith copy of our letter to the other two largest shippers in the province and will write you within a day or two our advice re proper building for the handling of potatoes in Saint John and feel that the shippers would be glad to furnish plans as regards building, etc., and trust that your efforts may meet with immediate action."

On May 6, 1921, Hatfield and Co., Ltd., again addressed Mr. Caldwell, advising him that they had taken up the matter of the frost-proof warehouse at Saint John with the other shippers and were of opinion that it was too late in the season to construct a suitable building and that at the time of writing they were not in a position to say where the building should be located or what was required in connection with it.

Hatfield in his evidence (p. 1709) stated that he did not think it was his duty to supply the information referred to in above mentioned correspondence, although he had in the first instance agreed to do so. Hatfield's attitude regarding the matter may be taken as set forth in evidence given before the Special Committee on Agricultural Conditions in the House of Commons, May, 1923, (p. 1410 Committee's Report):—

Q. (By the Chairman) As a matter of fact, Mr. Hatfield, would it be unfair to you to state that although you were mainly interested in the idea of a frost-proof warehouse, after you found out that you could make arrangements for a frost-proof warehouse for yourself and your associates by yourselves, that your interest waned somewhat in the proposition.—A. Sure.

So instead of co-operating with the Government to the slight extent they had promised in an effort to get a public frost-proof warehouse, the Porter group made use of a warehouse owned by the City of Saint John which the Furness, Withy Company leased from the city and in turn leased to the Porter-Hatfield-Gallagher group.

Hatfield in evidence (p. 1711) said that his group thought that the Furness, Withy Company had more influence with the city than the members of the group and that there was therefore an advantage in having the lease from the city in favour of the Furness, Withy Company.

D. W. Ledingham, manager of the Furness, Withy Company, was, at the time the frost-proof warehouse was being discussed, a member of the Saint

John Board of Trade and was apparently interested in opposing the building of a frost-proof warehouse in Saint John by the Government, as may be seen from the following letter:—

April 1st, 1922.

Mr. Chas. F. Gallagher,  
Bath, N.B.

Dear CHAS.—In connection with Mr. Caldwell's move for frost-proof warehouse in St. John to be built by the government, I discussed the matter with Mr. Ledingham this morning, and he said that there was no possible chance of this project going further at this time, and he advised letting the matter rest where it was, as any opposition would just bring the matter to the front and aggravate the situation. He will see that the St. John Board of Trade makes no recommendation in the matter.

Yours very truly,

LAH. MEG.  
(Exhibit 45)

GUY G. PORTER CO., LIMITED.

A few weeks after the date of this letter, Ledingham was writing to Guy Porter, at that time in New York, threatening him that if he handled vessels outside of the Furness, Withy office, it might mean the cancellation of the frost-proof warehouse lease. The letter follows:—

FURNESS, WITHY & CO., LTD.

St. JOHN, N.B., April 15, A.M., 1922.

GUY G. PORTER, Esq.,  
c/o The Prince George Hotel,  
New York, N.Y.

Dear Mr. PORTER,—We are having somewhat of a controversy with Messrs. Moore & McCormack respecting the consignment and handling of the steamer *Rovaer* and Mr. Hutcheon informs me that you will probably see them to-day. I have, therefore, taken the liberty of wiring you asking that you do not permit the handling of this vessel outside of our office.

You know fully the conditions of the agreement under which potatoes are handled by us at West St. John, but outside of that I have a premonition that if we permit Messrs. Nagle & Wigmore or other brokers to get in on this potato business it will work out to great disadvantage to our mutual interests. The Honourable R. W. Wigmore, partner of Messrs. Nagle and Wigmore, who, as you know, is a discredited politician and practically thrown out of the Meighen Cabinet, is now running for commissioner in St. John and there are very good chances of his being elected. There is also a fair chance of Mr. H. R. McLellan, the defeated Liberal candidate in the last Federal election, being elected as mayor. These two politicians have their heads together and are making all sorts of promises to their supporters so that they can gain this election; and I know one of the first things they will try to do will be to swing whatever business they can into the hands of Messrs. Nagle and Wigmore. To do this they will try and break the lease at West St. John, and while we have had 17 ships loading potatoes this year, 13 of which have actually been through the leased potato shed, I think it would be very unwise indeed if Messrs. Nagle and Wigmore have anything whatever to do with the potato work.

If this should happen it would mean the cancellation of your sub-lease with us for the frost-proof warehouse at West St. John, which under the present conditions we know the city would welcome very much.

Taking all these conditions into consideration, I hope you will be firm with Messrs. Moore and McCormack and insist that steamers be handled in St. John by ourselves along the same lines as the Munson and Atlantic boats.

Yours very truly,

DWL/T

(Sgd.) D. W. LEDINGHAM.

In September, 1922, Guy Porter wrote to Paco Suris, his broker at Havana, stating clearly that he was opposed to the Government frost-proof warehouse and suggesting that the matter was a political question and that certain politicians were anxious to make the farmers believe that they were trying to do something for the benefit of the farmer. This was rather a strange attitude to take in view of the fact that a member of the Porter group had



urged a member of Parliament to use his best efforts to get the Government to build the warehouse. It will be seen from the letter which is reproduced below, that Porter was alarmed at the idea of a Government warehouse and a Government line of steamers, as it would put an end to his profits; or as he states: "It means that every Tom, Dick and Harry will be in the market to sell a car or two and competition will be so keen that it will not allow anybody to make any money." The letter follows:—

September 26, 1922.

Messrs. J. SURIS & Co.,  
P.O. Box No. 2549,  
Havana, Cuba.

DEAR PACO,—I am enclosing newspaper clipping bearing on the subject of a Government frost-proof warehouse at St. John and the establishment of a Canadian Government Merchant Marine subsidized line between St. John and Havana. As you know I am opposed to the Government frost-proof warehouse as well as to the Government proposed subsidized line. I attended the meeting held in the Board of Trade rooms St. John on the 15th and although I went to the meeting for the sole purpose of listening to what was said, I was called upon to say something and as I did not want to show my hand I simply talked about freight rates instead. There is a great deal of activity, however, by Government officials and politicians backed up by a few one-horse shippers making efforts to get a free warehouse at the expense of the Government in order to do business in the Cuban market and I would not be surprised to see them accomplish their aims. It is almost entirely a political question as the politicians are anxious to get their names in the paper in order to make the farmers believe they are trying to do something for the benefit of the farmer. I still feel satisfied that if the Government warehouse is provided and a new line of Government steamers put into operation, that the Havana market will become demoralized and it will not be possible to do business at your end or at our end at a profit. This will have the same effect, in my opinion, as though the Havana combine put on their own boats and asked us to sell free alongside St. John. In either case it means that every Tom, Dick and Harry will be in the market to sell a car or two and competition will be so keen that it will not allow anybody to make any money. In fact I personally would prefer to see the Government put on a subsidized line rather than to see the Trust put on their own boats into St. John. I am strenuously opposing both ideas but as the lesser evil I would choose the Government line. I am simply sending these newspaper clippings along for your information and our Combination here will oppose as strenuously as possible both the Combine putting on steamers into St. John also the Government subsidized line. We still believe that our system of putting on boats when the Havana dealers want them and selling on a C.I.F. basis is the proper and only idea that will work out to the mutual satisfaction and profit of both parties concerned.

In the meantime, I am,

Yours very truly,

GUY G. PORTER.

GGP-K.

Eventually the Government built a frost-proof warehouse at St John, which the Porter group used at their convenience. Hatfield stated in his evidence (p. 171.1) that when the group's own warehouse was full, they used the Government warehouse, and requiring more accommodation have been trying to get the Government to extend the frost-proof warehouse.

### PROFITS MADE BY POTATO DEALERS

According to the financial statements submitted by the Guy G. Porter Company, Limited, this company made losses in 1920-21 amounting to \$16,549.36; in 1921-22 a loss of \$48,600.00; in 1922-23 there was a further deficit of \$4,842.32; but in the following year a profit is shown of \$3,159.48. (See report of Accountant Appendix 7). All this is so far as the balance sheets go and from an accounting point of view the balance sheets may be correct, but the losses are on an inflated share capital and this and other items must be considered if it is desired to arrive at the true nature of the profits made by

Guy G. Porter who, as has been shown elsewhere in this report, is the holder of over ninety per cent of the capital stock of the Guy G. Porter Company, Limited. During the four years referred to above, \$22,719.01 was written off for depreciation on buildings, etc., which is an excessive amount, and should be added to the profits or deducted from the deficits. In addition Guy Porter has drawn a yearly salary of \$3,750 plus a very substantial allowance for the upkeep of his car. While his salary is a proper charge against the business, it must be borne in mind that the business is practically owned by Guy G. Porter and that the salary and expenses he draws from the business are in addition to any profits.

The last balance sheet shows a property valuation of \$105,212.45. According to Porter's own evidence, he commenced business in 1905 with capital consisting of \$2,000 borrowed from the manager of the old People's Bank of Halifax, loaned from the manager's private savings, as Porter had no credit to get money from the bank. This has been built up in the last twenty years until to-day Porter owns about ninety per cent of a business which has assets valued in the balance sheet of the company at \$168,833.53. It was also mentioned in evidence that he possessed at the present time approximately \$110,000 worth of tax-exempt Victory bonds. To use Porter's own language in a letter dated November 17, 1924, addressed to his brother: "My business has grown very fast during the past few years. Our turnover has increased wonderfully. I believe I am safe in saying that we are the largest potato shippers in Canada and also rank with the large shippers in Aroostook County, Maine . . . I have accumulated enough of this world's goods to take care of my small family for the rest of my life and I don't want to be tied down to business so closely that I cannot enjoy life at least to some degree. . . . I have made a good bit of money in this business during the last twenty years. Our business to-day is in better condition than ever before. We are money makers nine years out of ten and, although our profits have not been excessive during the last few years, they have been fairly steady. . . . My business is a good paying proposition to the man who is a good merchant and who can adapt himself to my line of business. . . . I am financially healed so that I can take care of myself very nicely indeed no matter what happens."

Hatfield and Company, Limited, carry on a general business in addition to dealing in potatoes, and so far no segregation has been made of profits made from the potato business except for the season 1923-24 when the net profits on the potato business were shown to be \$1,848.02.

The firm of C. E. Gallagher and Co., are potato and general dealers and also operate a retail general store, the custom of which is mostly derived from potato growers in the Bath district who are purchasers of fertilizer as well as general merchandise and who receive credit for potatoes in payment of merchandise and fertilizer, as set forth in another section of this report. Repeated requests have been made to the Gallagher Company for information, but so far the information has not been supplied. Mr. C. F. Gallagher, a member of the firm, verbally informed the accountant who was investigating that his profits on the potato business alone during the past two years amounted to over \$26,000. No records have been produced and the figures given are, therefore, not substantiated.

The Porter-Hatfield-Gallagher Company of St. John, which is a partnership organized to handle potatoes for the Porter group and occasionally others, was organized in 1921, but made no profits during the first few years' operation. Last year, however, they made a profit of \$1,754.47, and in addition paid out under the guise of salaries \$1,500 each to Guy G. Porter, H. H. Hatfield and C. F. Gallagher.

Thomas Noddin of Woodstock, a potato dealer shipping with the McCain group, stated in evidence (p. 75) that in 1915 he and another dealer made



\$15,000 out of one deal. The same witness also stated (p. 89) that he had been twenty-four years dealing in potatoes and there has never been a year that he did not come out ahead. During the war profits on a barrel or bag of potatoes were high. The deal that Thomas Noddin referred to concerned three thousand barrels of potatoes bought at \$2 and sold at \$7.

Guy Porter, in giving evidence, replying to the question as to what he figured on as a reasonable profit, said he figured on a net profit of 10 cents per package during the season when frost risks were not encountered, with a fifteen-cent margin when there was frost.

However, the Porter combine did not confine themselves to this 10 or 15-cent net profit, as may be seen from the transaction entered into by which the Porter group and the McCain group protected one another's prices, as set forth elsewhere in this report. On this transaction the net profits were about 27 cents a bag, according to the figures given in evidence by Guy G. Porter (p. 60).

Herbert Johnston of Johnston and Turbill, Woodstock potato dealers, spoke of a margin of 5 or 10 cents a barrel or maybe more.

William L. Emack, formerly secretary-treasurer of the Guy Porter Company, gave evidence (p. 1,000) that in the fall the firm endeavoured to get 40 or 50 cents a package profit.

L. A. Hutcheon, vice-president of the Porter Company, gave evidence (p. 831) of an occasion when 50 cents a package was made in the fall of 1924.

Without more detailed analysis than has been undertaken it is not possible to say exactly what profits have been taken during the last few years.

Charles F. Gallagher in evidence (p. 1414) spoke of a joint account deal with a Prince Edward Island potato dealer, which lasted during the season of 1923-24. For that year's business, the Porter group had profits of \$7,500 or \$2,500 each for Porter, Hatfield and Gallagher.

## ATTITUDE OF THE GROWERS TOWARDS THE INVESTIGATION

As Mr. Guy G. Porter has suggested that the application for an inquiry was not bona fide, that it was in fact actuated by political reasons, it is considered worth while to deal in this interim report with the attitude of the growers to the investigation.

No evidence has been submitted which would show that the application was prompted by an improper or unworthy motive; on the contrary, as a perusal of preceding sections of this report will show there were ample reasons for requesting an investigation.

It has also been suggested that propaganda has been carried on with the object of intimidating farmer witnesses from giving evidence; it may be said that no definite proof of this has been shown, although it is possible that some farmer witnesses have been deterred through fear of discriminatory consequences.

The firm of Hatfield & Co., Ltd., of Hartland, N.B., addressed communications to signatories to the application as follows:—

HARTLAND, N.B., March 12, 1925.

DEAR SIR,—As you were one of the gentlemen who made application to Ottawa requesting the investigation of our business under Combines Investigation Act, we would kindly ask you who was responsible for you making this application.

This request is made without prejudice.

Respectfully yours,

HATFIELD & CO., LTD.,

per R. B. HAGERMAN, *Secretary-Treasurer*.

The above was an improper communication to send out during the investigation.

The Hatfield Co., Ltd., submitted on March 17, 1925, a reply received to the above letter, which was as follows:—

FLORENCEVILLE, N.B., March 14, 1925.

HATFIELD & Co.,  
Hartland, N.B.

DEAR SIRS,—Your letter of the 12th inst. received, in reference to who was responsible for me requesting investigation of your business. Will say it was letters that I heard read by a gentleman who had called a public meeting at Florenceville, who states these letters was from a potato broker in Cuba, who stated in said letter the big four, namely, Porter, Gallagher, Hatfield and Estey, were robbing the producer of potatoes by paying a very low price and selling them at a very much higher price when I see you I will explain fully.

I am, yours truly,  
O. MILLER.

The Hatfield Co. did not furnish any other replies to their letter of March 12, which they may have received.

The tone of certain newspaper articles containing grossly misleading statements, published during the course of the inquiry, may have had a tendency to disgust the farmers with the inquiry; for instance, a paragraph stating that the inquiry was "on the point of collapse," another paragraph stating that "the inquiry is going to cost at least one hundred thousand dollars," and so on. If these and similar paragraphs were intended to have the effect of hindering the inquiry, they were improper; but there is no proof that they were inspired by interested parties.

A letter received from a potato grower during the course of the inquiry referred to such paragraphs in the following words:—

They are trying to poison the minds of the people against the investigation. Some of the people, whose friends are getting hurt by the investigation, are putting up a holler, but forgot to holler when we (the farmers) got hurt.

It may be said that farmer witnesses generally appeared to be of the opinion that the application for an investigation was justified.

Mr. S. J. Burlock, M.L.A. for Carleton county, himself a farmer and potato grower, stated in evidence:—

..... The potato growers in my section—and I have travelled over Carleton county considerable—are very much interested, and they think the Government is justified in holding the inquiry. ....

A witness stated (p. 249):—

Porter, Hatfield and Gallagher have claimed, and I suppose will claim, that they have done their utmost to get a good price for the farmer for his potatoes. A statement made to me different times was that the getting of the warehouse at St. John and allowing the other shippers to get into Cuba had demoralized the Cuban market; that if they had it all themselves they would be able to hold the market up, and pay the farmer a much bigger price than they could with competition. But the fact that the farmer only got 35 to 60 cents the winter they had control didn't convince me that they would have got a very fair deal if they still had control.

... (p. 254):—

I know in previous years the price has varied considerably. I have seen a difference of as much as 40 cents a barrel at points not more than ten miles apart in old times when shipments went by single carloads into the United States and there was no shipping by groups. Every man bought his own and shipped them to his customer by the carload.

The reasons given by witnesses were variously expressed. The following examples are typical:—

That the methods of the buyers should be looked into because there is too much spread between what they pay and what they sell for (p. 1859);

That the potato growers are getting poorer than the man buying the potatoes, who is obtaining possession of the land. An instance was given of one



potato shipper who was said to be "getting control of the whole country." In explanation the witness said:—

This buyer had many mortgages and bills of sale and also deeds to property which he had acquired through his dealings with the potato growers, which included the supply of fertilizer on credit. (p. 1878)

... It is claimed that they could afford to pay more in Cuba. I know of reports from there, and the prices that were quoted there, when they were paying 60 cents here, were the same as last year and the year before, when they paid \$2 and as high as \$2.25. Well, if that is true, there must be something wrong. (p. 1849)

I think we don't get enough for our potatoes according to what the price is where they are delivered, according to what you read in the papers. (p. 1885)

... I think there is a combine here that will crowd the small man out. I had reports the very last fall, when they were paying 60 cents here for potatoes, and potatoes—I wouldn't swear they were as high as they are in these reports, but they were practically the same as they were in April last year, and still they were paying double the price here in April last year. (p. 1961)

## CORRESPONDENCE EXCHANGED BETWEEN THE REGISTRAR AND W. P. JONES, K.C., COUNSEL FOR MEMBERS OF THE PORTER GROUP, AND GUY G. PORTER CO., LTD.

### JONES & JONES

BARRISTERS, SOLICITORS, NOTARIES, ETC., W. P. JONES, K.C., C. J. JONES, B.A.,

Woodstock, N.B., May 2, 1925.

Mr. HARRY HEREFORD,  
Registrar Combines Investigation Act, 1923,  
Department of Labour, Ottawa, Ont.  
P. J. HUGHES, Esq., K.C.,  
Fredericton, N.B.

DEAR SIRS,—In *re* the Combines Investigation Act, 1923, and an alleged combine operating to limit competition in connection with the marketing of the potato crop in the province of New Brunswick.

I have been instructed by my clients, Messrs. Guy G. Porter Co., Ltd., Hatfield & Co., Ltd., C. E. Gallagher Co., to write you in regard to the above investigation.

As my clients are charged with a violation of the Combines Investigation Act, 1923, it is only fair and reasonable that as their representative, I should have been allowed to be present at the hearing of any witness who gave evidence relevant to the charge.

You will recall that when you first came to Woodstock, on this investigation, I requested that the hearings be open to the public, or as an alternative, that I be allowed to be present at such hearings, but you were not willing to grant either of these requests.

In the scope of this investigation extending over four months, numerous witnesses, besides my clients, have given evidence.

I was not allowed to be present while such evidence was being given and my clients have been put to a very great disadvantage in that they do not know what evidence has been given or what case they have to meet.

I presume the intention of the Act governing is to allow all parties concerned an opportunity of refuting all allegations made as statements of fact or as opinions, which are not true or without foundation. It is only fair since my clients are charged with an offence that they should be given an opportunity of refuting any inaccurate or false allegations in the evidence taken by you.

With this object in view, I would ask that you furnish me a copy of all evidence taken in this investigation, and a list of matters which you intend to deal with in your report. I would also ask that my clients be given an opportunity of perusing the evidence taken and of giving such further evidence on the matters to be dealt with in your report, as is necessary to correct untrue or unwarranted evidence taken in your hearings.

Besides the above reasons given for my request you will doubtless realize that the business interests of my clients would be seriously damaged by any unfounded or unwarranted evidence published in your report without any legal recourse for compensation for such damage.

I am writing this letter to you jointly and would like to be advised promptly if my request will be granted.

Yours truly,  
(sgd.) W. P. JONES.

WPJ/M

(C.N.R. Night Letter)

OTTAWA, May 11, 1925.

W. P. JONES, K.C.,  
Woodstock, N.B.

On arrival Ottawa to-day have received yours May 2nd. Your statement that I was not willing to allow you to be present at hearings is not correct. While in your office Woodstock with P. J. Hughes, I distinctly informed you that you might be present while your clients were being examined and that you might re-examine them if you desired, and I have a live recollection of reply you made. You apparently did not consider it necessary to be present while your clients were being examined. The Act does not prescribe that I should furnish you or your clients copy of evidence; on contrary section 19 states that proceedings shall be conducted in private. Your clients, Hatfield and Gallagher, have not yet furnished information requested two months ago and I am now considering action to be taken in this connection. Without all information asked for, it is not possible to forward you list of matters which I intend to deal with in report but I shall include various arrangements preventing and lessening competition and substantially controlling transportation, purchase, sale and storage of potatoes. I shall be glad to have any additional information your clients desire to furnish regarding these matters so that I may place it before the Minister with my report. Such additional information should reach me not later than May 25th.

HARRY HEREFORD,  
Registrar, Combines Investigation Act.

(C.N.R. Night Letter)

OTTAWA, May 18, 1925.

W. P. JONES, K.C.,  
Woodstock, N.B.

Further to my night letter May 11th, accountant advises me that Porter has not yet furnished following: statement damage claims season 1920-1, cancelled cheque Frontier Trust \$9,100 said to be for refund to Suris and Palacio re 1923-4 damage claims, statement damage claims 1923-4. Porter promised to supply these matters but has not yet done so.

HARRY HEREFORD,  
Registrar, C.I. Act.

GUY G. PORTER CO. LIMITED

PERTH, N.B., May 21, 1925.

Mr. HARRY HEREFORD,  
Registrar, Combines Investigation Act,  
Department of Labour, Ottawa, Ontario.

DEAR SIR,—We have to-day received from Honourable W. P. Jones, Woodstock, N.B., the following telegram addressed to him, "Further to my night letter May eleventh accountant advises me that Porter has not yet furnished following. Statement damage claims season nineteen-twenty twenty-one. Cancelled cheque Frontier Trust ninety one hundred said to be for refund to Suris and Palacia re nineteen twenty-three four damage claims. Statement damage claims nineteen twenty-three four. Porter promised to supply these matters but has not yet done so."

We note you are asking for statement of damage claims season 1920-21 and 1923-24, also for cancelled cheque on Frontier Trust Company, payable to Suris. In connection with the above we might state that we are unable to get the cheque from the Frontier Trust Company, as this cheque was issued against our savings account and we were advised by the Frontier Trust Company that they did not give back cancelled cheques drawn against savings accounts.

We understood from your Mr. Dagg when he was leaving New Brunswick that he was making an audit of the 1923-24 business, and we would not be called upon to furnish figures covering this year's business. In fact the writer asked Mr. Dagg if there were any further statements he required from us and we understood him to say that the statements we had furnished were sufficient.

Regarding the statement of damage claims for season 1920-21 beg to say that Mr. Turner, who looked after the making up of these statements is at present at home on account of the very serious illness of his mother and as soon as Mr. Turner can return to his work we will ask him to prepare this statement.

Yours truly,

GGP.PJ.  
cc. Honorable W. P. Jones, Woodstock, N.B.

GUY G. PORTER CO. LTD,  
(Sgd.) G. G. PORTER,  
President.

The information requested and referred to above has not yet been furnished.



## CONCLUDING REMARKS

It has already been stated that in the opinion of the Registrar the evidence establishes a combine within the meaning of the Act, the parties to such combine being the members of the Porter group, members of the McCain group, and the Munson Steamship Line, and O. R. Estey of Woodstock.

In reviewing the arrangements that have been made by and between these individuals, companies and groups, it will be observed that the Porter group showed a marked tendency to spread and take in other groups and thus to eventually monopolize the potato business, and it may be remarked here that the danger of such a tendency lies in the fact that without fair competition the grower's interests might not be so well served. The potato growing industry undoubtedly owes a great deal to the aggressiveness of the Porter group, and particularly to that of Guy Porter in opening up markets, but the power that has come to the Porter group through their dominating position is, as shown in other parts of this report, disadvantageous to the farmers growing potatoes. Porter's desire to dominate the situation was brought to the attention of the Registrar many times by Porter himself and by other witnesses giving evidence. His plans for an export company, as given in evidence (see Appendix 4), allow for representation of farmers, but he said in evidence (p. 150): "In any company that I am in, if it is a paying proposition, I like to hold as much stock as I can and have as much to say about its management as I can," and again on p. 158: "I would like to own or control the whole thing but I haven't got money enough. I would like to own it for a business—this whole potato field. I believe I could make it pay beautifully and return much more money to the farmers."

Much has been said in the course of the inquiry regarding over-production, and it is worth while quoting some of the statements made in evidence.

W. W. Boyce, potato dealer of Fredericton, referring to production said that the trouble (that is, the low returns to the growers) was caused by too many potatoes; that too many were grown this year.

Harry Webb of the New Brunswick Potato Exchange in evidence (p. 142) stated that "all over Canada we raise too many potatoes for the population" and he suggested that the farmers should practise more mixed farming.

Guy Porter on the same subject (p. 55) said: "It is foolish for the farmers to keep on raising such big crops of potatoes, especially when we are kept out of the American market by high tariff."

Holland Estey of Florenceville, New Brunswick, a farmer, in giving evidence on this subject agreed that one of the causes of the low price of potatoes was over-production, but observed that all those grown were being consumed and that he didn't know of any being dumped.

Mr. S. J. Burlock, M.L.A., stated that greater acreage was in contemplation for the coming year so far as he knew, which he thought was due to fertilizer being slightly cheaper and seed also being less expensive. Mr. Burlock pointed out when questioned on the matter of over-production that the dealers who were also engaged in growing potatoes were not reducing their acreage.

Another witness, Upton Squires, of Wicklow, New Brunswick, was of opinion that too many potatoes were raised and that the Government should limit the acreage of a farmer. His evidence was in part as follows (p. 190):—

There are too many potatoes raised I think. I think the Government should take hold of it and limit the acreage of every farmer—not over fifteen acres or something like that—twelve or fifteen acres to each farmer. There are some of those big fellows like McCain who will put in one hundred or one hundred and twenty-five acres and he runs the little fellow out. He raised over 11,000 barrels this year, they tell me. That isn't right. He is killing off the little fellows. Smith is raising a big pile and Gallagher is at it too. I would like to see the Government take hold of it and limit the quantity....There wouldn't be so many potatoes raised and we would have a better market.

C. F. Gallagher in evidence (p. 2003) stated that he did not believe there was any real intention on the part of the farmer to cut down the amount of acreage.

It is not thought to be within the scope of this inquiry to deal with the matter of over-production except in so far as it might appear to touch upon the matter of the alleged combine, but it is undoubtedly a question which, together with the matter of more diversified farming, requires fullest consideration by those concerned.

The Combines Investigation Act, 1923, states (Section 21): "At the conclusion of every investigation the Registrar . . . shall make a report in writing." The section further states that "the Minister may call for an interim report at any time; and when so called for, it shall be the duty of the Registrar . . . to render an interim report setting out fully the action taken, evidence obtained and conclusions reached at the date of the interim report." In this interim report the conclusions of the Registrar have already been set out. The Act does not call for recommendations but it may be proper to remark at this stage of the inquiry on the necessity for some better method of handling potatoes than has prevailed in the past.

It has been suggested that a Maritime co-operative central selling agency for potatoes, along similar lines to the Minnesota Potato Exchange, would be effective.

If the farmer is to receive a larger proportion of the consumer's dollar, he must pay more attention to marketing methods, and it is submitted that the hope of the farmer in this direction lies mainly in co-operative effort. Any organization set up for the marketing of the potato crop that is to take the place of the present system should be owned and controlled by the grower.

Perhaps the most important aspect of this investigation is the opportunity of throwing light on certain transactions for the information of the farmer and the public generally. In the past the inside of these transactions has not been known except to the big men of the trade themselves.

Respectfully submitted,

HARRY HEREFORD,  
Registrar,  
*Combines Investigation Act, 1923.*



## APPENDIX No. 1

## LIST OF SHAREHOLDERS IN THE NEW BRUNSWICK POTATO EXCHANGE, LTD.

	Shares
Guy G. Porter Co., Limited, Perth, N.B.. . . . .	899
Guy G. Porter.. . . .	1
McCain Produce Co. Ltd., East Florenceville, N.B.. . . .	349
A. D. McCain.. . . .	1
C. E. Gallagher Co., Bath, N.B.. . . .	439
C. F. Gallagher.. . . .	1
Bohan Brothers, Bath, N.B.. . . .	178
J. W. Bohan.. . . .	1
B. F. Smith, East Florenceville, N.B.. . . .	349
B. C. McIsaac, East Florenceville, N.B.. . . .	10
O. R. Estey, Woodstock, N.B.. . . .	138
Henry Phillips, Pembroke, N.B.. . . .	137
C. W. Clark, Woodstock, N.B.. . . .	150
H. H. Hatfield, Hartland, N.B.. . . .	1
Hatfield & Co., Ltd., Hartland, N.B.. . . .	299
	<hr/> 2,955

The par value of each share is \$5 and 55 per cent has been paid in cash, the balance subject to call by the directors.  
(*Exhibit No. 6.*)

## APPENDIX No. 2

## FERTILIZER AGREEMENTS

AGREEMENT made this 26th day of March A.D. 1924, between Judson Potter of the Parish of Richmond, in the County of Carleton, hereinafter called the farmer, of the one part, and Herbert J. Johnson and Charles V. Turbill, doing business by the name of Johnson & Turbill, hereinafter called the lessees, of the other part, as follows:

The farmer leases to the lessees from the date hereof up to the first day of December next the following described land, namely:—

“All that certain piece or parcel of land situate lying and being in the Parish of Richmond, in the County of Carleton, bounded as follows: On the north by lands owned or occupied by Wilbur Murchie, on the east by the highway road running from Union Corner to the Swamp Road, so called, on the west by the International Boundary line between Canada and United States and running south a sufficient distance to make ten acres, containing ten acres.”

The farmer agrees to prepare said land properly and plant potatoes thereon the present season using ten (10) tons of fertilizer No. 587 of the value of three hundred and seventy dollars (370) belonging to the lessees and the farmer agrees with the lessees that he will furnish the seed and all other materials of good quality, teams, machinery and labour which are necessary to properly raise a crop of potatoes on said land, and to cultivate and care for the same in a husbandlike manner, to dig and deliver the said crop of potatoes out of the field to the warehouse of the lessees at Green Road.

The parties hereby agree that when said potatoes are delivered as aforesaid the farmer is to be compensated by the lessees for his work and his materials used in raising said potatoes as aforesaid by an amount equal to the then prevailing market price for the potatoes less the sum of. . . . .for the fertilizer so used.

In witness whereof the farmer has hereto set his hand and seal and the lessees have signed by the firm name.

Executed in presence of  
(*Exhibit No. 30*)

C. E. GALLAGHER CO.  
GENERAL MERCHANTS  
SHIPPERS OF ALL KINDS COUNTRY PRODUCE  
HIGH GRADE POTATOES A SPECIALTY

BATH, N.B., April 10, 1924.

MEMORANDUM OF CONTRACT made and entered into this 10th day of April by and between C. E. Gallagher Co., of Bath, New Brunswick, merchants of the one part; and Walter C. Hansen of the second part.

Whereby in consideration of 3-ton 4-6-10 Chemical Fertilizers supplied by said C. E. Gallagher Co., the said Walter C. Hansen hereby agrees to deliver at their warehouse as contracted, potatoes in payment of same, at the market price as paid by C. E. Gallagher Co., at time of delivery. Said potatoes to be delivered at any time called for by said C. E. Gallagher Co., from time of digging to first of January following. In case the party of the second part fails to deliver the potatoes it shall be right and lawful for said C. E. Gallagher Co. to have the potatoes so delivered, and expenses charged to the party of the second part.

In witness whereof the parties hereto have subscribed their names, this 10th day of April, A.D. 1924.

(Sgd.) H. E. HANSEN.  
(Exhibit 85-a)

(Sgd.) WALTER C. HANSEN.

### APPENDIX No. 3

#### MCCAIN GROUP AGREEMENT

AGREEMENT made this twenty-eighth day of November, A.D. 1923, between Andrew D. McCain of the Parish of Simonds, in the County of Carleton, produce merchant; McCain Produce Company, Limited, a joint stock company incorporated under the laws of the Province of New Brunswick, having its head office at East Florenceville in said County of Carleton; William Pirie and Fred W. Pirie, both of the Town of Grand Falls in the County of Victoria, merchant, doing business under the firm name and style of William Pirie & Son, Wilson, Patterson & Gifford, Limited, a joint stock company incorporated under the laws of the Province of New Brunswick, having its head office at the City of St. John in the County of Carleton, produce dealer; Thomas Noddin & Company of the Town of Woodstock aforesaid, produce dealers; Henry A. Phillips of the Parish of Northampton, in the County of Carleton, farmer, and John W. Bohan of the Parish of Kent in the said County of Carleton, produce merchant, doing business under the name and style of Bohan Bros.

The parties hereto hereby mutually covenant and agree each with the other as follows:—

1. The parties hereto hereby authorize and appoint the said Andrew D. McCain as their agent to charter steamships to carry potatoes from West St. John in the Province of New Brunswick to Havana, Cuba, and agree that they will reimburse the said Andrew D. McCain for all expense incurred by him in so doing, including the expenses of necessary trips by the said Andrew D. McCain to the City of St. John, of cablegrams, telephone messages, postages and any and all expense to which he may be put in connection herewith.

2. The parties hereto hereby further agree to pay the said Andrew D. McCain for his services in this connection a salary of seventy-five dollars per month beginning November 1, 1923, and ending July 1, 1924.

3. The said McCain Produce Company, Limited, William Pirie & Son and Wilson, Patterson & Gifford, Limited, hereby agree that they each will ship upon each steamship so chartered by the said Andrew D. McCain as aforesaid sufficient potatoes to constitute one-fifth of the capacity of such steamship, and the said Chipman P. Phillips, Thomas Noddin & Company, Henry A. Phillips and John W. Bohan hereby agree that they will each ship on each such steamship a quantity of potatoes equal to one-tenth of the capacity of such steamship.

4. Should any of the parties hereto fail to supply their share of the cargo of any such steamship the party so failing hereby agrees to pay to the said Andrew D. McCain his share of the freight and all other expenses in the proportion in which the parties so failing should have under the terms of this agreement furnished potatoes, and the expenses and salary of the said Andrew D. McCain as hereinbefore provided shall be assessed to and paid by the parties hereto in the proportions in which they agreed to furnish the cargoes.

Should any firm or person wish to withdraw from the above agreement, notice must be given by registered mail one week previous to the chartering of the steamer, to the said Andrew D. McCain.

5. The said Andrew D. McCain shall manage the business for the parties hereto in so far as the chartering of the steamships, selling the shipments and allotting the space on the various steamships is concerned.

6. This agreement shall terminate on the first day of August, 1924.

In witness whereof the parties hereto have hereunto set their hands and seals the day and year first above written.

Executed in the presence of,

(sgd.) M. E. Constantine as to  
A. D. McCain  
also McCain Produce Co., Ltd.

}	(sgd.) ANDREW D. MCCAIN	(L.S.)
	MCCAIN PRODUCE CO., LTD.	
	A. D. MCCAIN, General Manager	(L.S.)
	WILSON, PATERSON & GIFFORD, LIMITED	
	R. DOWNING PATERSON, Attorney	(L.S.)
	CHIPMAN P. PHILLIPS	(L.S.)
	THOMAS NODDEN CO.	(L.S.)
	HENRY A. PHILLIPS	(L.S.)
	WM. PIRIE & SON.	(L.S.)

(Exhibit No. 3-a)



## APPENDIX No. 4

## SUGGESTED PLANS FOR IMPROVING MARKETING

## A. D. MCCAIN'S PLAN AS STATED IN EVIDENCE MARCH 4, 1925

"..... I believe it would be better for the country if some arrangement could be made so the sales could be controlled and handled better through some organization than they are at present. (Evidence 1068-1069).....There would be advantages if all combined together and acted fairly and squarely and above board. Considerable overhead expense would be eliminated by putting it all under one office, one management, and no doubt with one firm chartering all the steamers a better steamship rate possibly could be procured. Of course, stepping outside of this entirely, I believe that an organization will have to be formed some day among the growers, to handle their business. (Evidence 1069).....My idea would be that if an organization could be perfected, carrying with it 75 per cent of the growers of potatoes of Carleton, Victoria and York, we will say, that this could be carried on and the stocks put in Havana at a price which would net the farmer much more than it does to-day. I believe that." (Evidence 1070).

## GUY G. PORTER'S PLAN AS STATED IN EVIDENCE FEBRUARY 5, 1925

"My views are these: that in order to take full advantage of the potato industry in this province we should effect a merger of all the potato shipping concerns in the province, and manage it efficiently, and where 75 per cent of our trade is in the export field we would then be able to take full advantage of that export trade and return a much greater price to the grower. Now, that is the whole thing.....That is what I have advocated for five years, and that is what I hope yet to put through (Evidence p. 85).....I am willing, and I have advocated very strongly at every shippers' meeting—well, at a shippers' meeting every year for the last four or five years—that we effect a merger of all the potato shippers in the St. John valley and take over every potato plant—potato houses, stoves, bags and equipment and all that—and merge the whole thing into one company—taking over all this plant, which is very necessary in the successful operation of the business, and, further than that, to give every shipper the privilege of subscribing and paying cash for whatever stock he feels he would like to buy, and pay for—open the thing wide up—don't confine it to the shippers, but let the farmers come in and take all the stock they want to, and have representation on the board; and, further than that, to solicit the sale of stock in the Havana market among a few of the reliable dealers down there—let them come in and work in together with us.....Make it a joint stock corporation—say a million dollar corporation—and then we can take advantage of the market here (Evidence pp. 87, 88).....I am very strongly in favour of a merger, and I want to go on record as saying that I don't believe this potato industry will ever come into its own until that is accomplished and we put ourselves in a position to take the full benefit of the foreign markets." (Evidence p. 89.)

## O. R. ESTEY'S PLAN AS OUTLINED IN A CIRCULAR LETTER SENT TO SHIPPERS

WOODSTOCK, N.B., Jan. 14, 1925.

Dear Sirs,—For several years past the question of how to handle the potato business of this part of the province so that growers and shippers alike should derive a fair return for their labour has occupied the mind of the writer and no doubt you all have spent many fruitless hours trying to conjure up some scheme whereby the desired ends could be brought about.

Some years ago, we met on common ground, and saw the advantages of organizing a selling agency, the New Brunswick Potato Exchange, Ltd., to take care of the selling in the Canadian market, some mistakes were made in the organization as we found to our sorrow and we again changed our plans to cover these mistakes, but in the past few years great and important changes have taken place, a large portion of our crop is now required for export purposes.

The trend of the business has changed, and while at one time our whole thoughts were centered on the Canadian markets, and but three or four shippers thought the export business worth going after, now we find three or five groups of shippers engaged in the export business, and competition among these groups has become so keen, as to make many of them forget for the moment the first principles of business economics, which is to make a fair profit commensurate with the amount of energy expended and the risk involved.

This short-sighted policy not only affects the group of shippers themselves, often resulting in disastrous losses, which are not provided for in the selling price, but affects

the industry as a whole and tends to react to the disadvantage of other groups who are seeking an outlet for their products.

There can be but one end to this method of doing business, unless a halt is called very quickly. These tactics also indirectly affect the grower, as each group in their endeavours to cut the selling price to the bare bone, in turn depress the price to the grower, without there being any just cause for doing so.

All we need do is to keep our price 20 cents below Boston to command 100 per cent of the trade, why then keep our price \$1 below the price that Boston can quote. The farmer has just cause for alarm and distrust when he sees his products being handled and distributed in such wanton wasteful manner.

I have spent many hours studying facts and figures, and the conditions that prevail in this country and Cuba, and have given grave consideration to the plan promulgated a year or so ago of a great merger of all the shippers into one great whole.

After carefully examining the plan, have been obliged to reject this scheme as unworkable, the very fact that some shippers have no warehouses and do a large business without them, and others find it necessary to have a large number of frost-proof warehouses, and have invested vast sums of money in these plants, would seem an unsurmountable barrier to the consummation of this merger plan as these properties would have to be taken over by the new company.

Still even though the merger on the above basis seems unworkable, it may be possible to suggest other ways and means to overcome the difficulties that lie before us.

There is no doubt that some way out must be reached if we wish to remain in business. Great stress has been made of late by the Government because of alleged combines, my candid opinion is that the disastrous conditions which face us to-day are not brought about through combines, but because of lack of "COMBINE."

Let me suggest to you a new plan, which I have every reason to believe will be mutually profitable to all, shippers and growers alike.

Let us form an Export and Importing Company. This company to deal only in the exporting of produce out of the country and importing of return cargoes of whatever a nature we find available.

Shippers can take stock in this company on a pro rata basis to number of cars exported by him per year for the past two years, suitable calls can be made on the capital stock subscribed to provide working capital, balance being left subject to further call if necessary.

A manager to be appointed to have complete management of the business, aided by an executive committee selected by the shareholders.

This proposed company will own no warehouses, but will have headquarters at St. John, N.B., and all potatoes handled by this company will be provided by its shareholders at a price slightly above the price paid to the grower, each exporter providing his quantity which will be adjusted by the pro rata basis same as stock subscriptions, shipping it to St. John, delivering it there in good order and condition, and paying for any expense involved in repacking anything which does not conform to the standard set by the company.

This Export Company to pay for its purchases when delivered at St. John, N.B. The executive committee will decide what is a fair market value to pay for same each week.

The profits can be determined quarterly or by the month, and one-half paid to the shareholders and the other half placed to his credit in a contingency account to provide for accidents and damage claims that might accrue thereafter.

At the end of the year a final dividend could be declared to balance the year's business.

This Company to make a determined effort to secure the largest portion of the West India trade, in all lines that this country can furnish, and also every effort made to secure return cargoes, a real good business man being sent down to look the situation over and drum up business, we would have plenty of material to draw from in the way of experienced men to handle such a venture.

I believe that once we got started, pressure could be brought on the Government to provide suitable ships in adequate numbers to carry all the lines we engage to handle.

A tremendous business in fruits can be developed if we got at it in the right manner.

All shippers of course would retain their right to operate in the Canadian and U.S.A. markets but will bind themselves to keep off the export markets.

If every shipper would get behind this movement in a wholehearted manner and expend the same amount of energy to make this a success, as they have expended in attempting to garrote each other this past two years, we can make this business a huge success and something to be proud of; let us forget all petty jealousy and party feelings and make this one great effort, to put the potato business on a paying basis, so that shipper and grower may receive an adequate return for their labour.

Yours truly,

(Sgd.) O. R. ESTEY.

(Exhibit 4).



# J. C. MANZER'S PLAN AS OUTLINED IN A CIRCULAR LETTER SENT TO SHIPPERS AND GROWERS

HABANA, CUBA, March 20, 1925.

DEAR SIR,—Realizing the loss resulting from competitive selling of potatoes in Havana, we have been working for some time trying to devise some plan which would enable shippers to hold selling price in Havana at the highest level that outside competition will permit. Our idea is, not to make any radical change in existing methods of handling and marketing potatoes, as we believe there can be such improvements in present methods of handling as will bring about the desired result without having any features that would be objectionable to any one connected with the potato industry.

We think an association should be formed which might for example be called "The Associated Potato Shippers" consisting of the principal shippers to Cuba of New Brunswick, Nova Scotia and Prince Edward Island. A meeting should be called at a central point such as St. John and an organization formed having for its chief object the securing of the highest possible prices. This object can be attained by arranging to fix prices as high as outside competition will permit and all members to agree to hold to these prices. We would suggest changing as little as possible existing methods of handling the potatoes. Each shipper could sell all possible through his own broker or direct, and buy from the growers in the usual way.

The only obstacle I see against the successful working of this plan is that some shipper might get dissatisfied with the quantity he was selling and break away. In order to overcome this danger I would advise an organization of all potato growers which might be called "The Associated Potato Growers" who would agree to sell their potatoes only to members of the "Associated Potato Shippers" and if the potato growers could be all lined up, as we believe they can, then they control the situation as no buyer can get their goods unless he belong to The Associated Shippers. Under this plan the growers do not have to invest any money whatever. They simply band themselves together for mutual protection and the welfare of the potato industry.

We would suggest that there should be a complete understanding and agreement, between the two associations, and that every effort be made to bring about a mutual confidence; also that the Associated Growers be requested to appoint delegates to attend the principal meetings of The Associated Shippers and that The Associated Shippers be requested to send delegates to the principal meetings of the Associated Potato Growers.

Our idea is to have the working of the two Associations as simple as possible and not to attempt too much at first. We think for a beginning it would be enough for the shippers to unite in the effort to maintain prices at the highest level possible, and for the growers to band themselves together in support of the shippers who will unite to carry out this plan.

Yours very truly,

(Sgd.) J. C. MANZER,  
President.

(Exhibit 95)

## APPENDIX No. 5

### CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

230 ST. JAMES STREET, Montreal, Canada, August 24, 1923.

Fyle T.M. 2605.

*Memo to Mr. R. B. Teakle, General Manager, Montreal.*

PROPOSED SERVICE—ST. JOHN, N.B., TO HAVANA, CUBA, ACCOUNT POTATOES FROM NEW BRUNSWICK

Mr. M. F. Tompkins, General Freight Agent of the Canadian National Railways, Moncton, accompanied me to Woodstock, N.B., yesterday, the 23rd inst., and was able to give those present information in connection with rail rates, etc., into St. John, N.B., for export, which was well received.

The meeting was called early in order that those of us who had come some distance could return on the afternoon train. Mr. T. W. Caldwell, M.P., stated that he had interviewed you at Ottawa, and you had expressed your sympathy with the proposal and had indicated that you would do everything possible to help out the situation by placing steamers on the route if it was desired we should do so. Mr. Caldwell stated that he had given the matter considerable thought and decided that the best way to come to a decision would be to get the two factions together at a meeting and see if the difference could not be ironed out. The two factions consist, on the one hand, of the group who have been

chartering steamers to load cargoes at St. John, N.B., amounting from ten to twelve thousand sacks at more or less regular intervals for the last two years. The first year the group consisted of three firms, namely, Porter, Hatfield and Gallagher.

Last year the season started with the above group and a rival combination came into the field, consisting of Messrs. Estey, Smith and Clark. Before the season was well advanced, however, these two groups joined together. On the other hand, there are the independent growers who want to have the opportunity of shipping to Havana direct instead of selling their produce to the above buyers.

The Chairman of the meeting, Mr. Noddin, asked first for speakers in favour of establishing a regular service by the Canadian Government Merchant Marine, Limited, as it was felt that this was the proper course, seeing that Mr. Caldwell had called the meeting with the object of trying to arrange such a service. There was very poor support given him, however, the only favourable indications being a telegram from Messrs. Perry & Son of Florenceville, or in that vicinity, who wired regretting they could not be present but urging that the meeting consider a regular ten-day service. Mr. Phillips also spoke not so much for a service as against the idea of the group of buyers controlling the situation.

All the other speakers, among them being Hon. B. S. Smith, Messrs. Hatfield, Porter, Gallagher, Estey and McKane, were definitely opposed to a change in the manner of marketing the potatoes in Cuba, claiming that to throw space open indiscriminately to shippers would result immediately in the collapse of the market. He instanced the case of the Canadian Pacific who operated the ss. *Sicilian* for a few months, claiming that from the very first trip of this steamer, the market went off and it was only after the Canadian Pacific discontinued the service that prices came back to near the point where the farmer could be paid anywhere near his cost of production. It was stated at the meeting that the Canadian Pacific had lost sixty-five thousand dollars (\$65,000) on the Cuban service.

I was called upon to voice our views and indicate what we proposed offering but in view of the feeling of the meeting, it gave me an opportunity to outline the possibilities without in any way committing us. I stated in answer to Mr. Caldwell's suggestion that we should handle potatoes downward at the same rate per hundred pounds as sugar is carried northbound, that there were two main objections. First, potatoes occupy almost double the space in stowage; second, shippers admitted they could not put on the Havana market more than ten or twelve thousand sacks per steamer. Further, this was only one-half a cargo downward whereas homeward with sugar the steamer would be absolutely full to the hatches. I also said that if we re-arranged our other services in order to allocate three or possibly four steamers for this Havana service, we would only do so with the idea of maintaining a regular sailing. Further, I stated that as we were operating the Canadian Government Merchant Marine Limited on a commercial basis, we could not entertain the proposition unless we had definite assurance of the full support of the potato shippers, that is, we would require to know that so long as our steamers were operating we should be offered the potatoes rather than that shippers should go in the market looking for tramps with a view to beating out our rate. There was no difficulty in seeing that the Porter group fully dominated the meeting and Mr. Caldwell's efforts to bring about a solution so as to enable the independent shippers to get into the market, met with no success.

Mr. J. C. Chesley, Department of Marine and Fisheries, St. John, N.B., spoke briefly, promising his support to any movement on the part of the shippers towards securing increased facilities in the way of heated warehouse space and even on this point, there was difference of opinion, the Porter group feeling that there was no need of any more room, they evidently having in mind that so long as the space is limited, it would be that much easier to keep out the independents.

The conclusion of the matter is that while we may be asked to offer an odd steamer on a charter basis, prospects for our placing a regular service would probably not be brought up again for some time at least. I stated that we would always be willing to offer steamers on a charter basis, provided we had any open but bearing in mind that the 3,900-ton type would be the most suitable, I pointed out that as these would require about seventeen thousand sacks for a full cargo, it seemed unlikely that they would be prepared to pay us a rate at which we could afford to offer them.

Mr. Caldwell promised to call and see us on his way through to Ottawa some day next week.

(Sgd.) W. A. CUNNINGHAM,

WAC/FEC

Traffic Manager.



## APPENDIX No. 6

CORRESPONDENCE BETWEEN THE GUY G. PORTER CO., LTD.,  
ACTING FOR THE PORTER GROUP, AND THEIR CONNECTIONS  
IN HAVANA, CUBA.

J. SURIS &amp; CO.

P.O. Box 2549

Tejadillo 5

HABANA, CUBA, September 8, 1922.

MESSRS. GUY G. PORTER, LIMITED,  
Perth, N.B.

DEAR SIRs,—Please look over the enclosed copies of cables exchanged, to the contents of which we beg to refer at large.

*Old Claims:* No doubt our cables have conveyed to you the bad effect which unpaid claims have upon these buyers. Hatfield & Gallagher have been compared with Manzer and yourselves. Manzer paid most of his claims with his own check upon presentation. You settled your claims properly. This made above two shippers appear in a "bad light," and when approaching the Combine for new business they took a very ugly attitude towards your group and showed very unfavourable disposition for future business. It has taken a lot of cool head and patience to put things in the right place. "It was not only the lack of payment but even the lack of business courtesy to have all their letters unanswered" what they mentioned, etc., etc.,

*Situation:* Your cable 0428 saying "refuse bid, etc." upset them still further. They had been hearing from Manzer very quietly and imagined you would be "great deal" better in price, and evidently upon seeing you even slightly higher, closed with both on same day: 10.000 with you at \$3.—sailing 12 and 10.000 with Manzer sailing 18th \$2.95. Our impression is that they have seen this year's extension of your group with a hidden fear of monopoly. It has been an old tactic of potato dealers here to create competition. This scheme works splendidly as it is used as a menace against each other, and they have a certain pull with Manzer to content him with a certain share of the business and keep him away from Independents.

*Confidential cable No. 9007:* As it is most important for you to have an exact idea of things as they are here, we rushed this cable to post you on the situation as it stands now. A private agreement has taken place among Combine to keep matters private. To prevent any information being disclosed the buying was placed in one hand, and with the simple approval of either Pereda or Armand business were closed. Our task has been a hard one, to get information. Our Mr. Suris abandoned the office, and while Combine continues denying dealings with Manzer, we have already cabled dates, prices, quantity, etc., and Manzers further moves.

*Manzer:* An error has been made at your end to consider this party out of the game. He has made for himself a strong position in this market and seems to have enough activity to get shippers to quote him. Besides being a menace if he should go with Independents, buyers like trading with him because of his liberal methods in appraising damages. He now holds that shippers assume all loss if over 5 per cent. He further promises to undersell your group, and to prove this cuts you down 5 cents in cobbles and \$0.50 in Bliss. Further more: He is working with youthful energy, as this season's new arrangements have seriously upset him. We therefore foresee a hard fight, if his shippers last out. He can easily afford to neglect his grain, fish and other business, as potatoes pay him 10 cents per package. He has given buyers here the impression that he is in for a "fight" and that he will sell potatoes whether they want it or not. This has made buyers foresee a hard season and little profit. In view of this we find ourselves up against the same conditions as last year, perhaps worse. However, we don't know his shippers and are unable to judge his strength.

*Independents:* They number many, but their financial strength is questionable. Saloms heads them. We are keeping in touch with them and would not find hard to sell, but it is far too delicate a matter to suggest, even in case of necessity. The payment of drafts would no doubt mean some trouble in some cases.

*Wilson group:* We have reported this groups steps on the market but the fact of shippers and Agent being unknown so far, is in our favour. From what we hear Independents have not yet closed anything, although they are talking business. Combine is hearing their price, and putting them off, and you may depend that the Combine will use them eventually, so as to make an impression upon you, at least for the next purchase. We are afraid that the news of your large business last season in Cuba has spread around too far. A firm by the name of H. Moore & Co., of Winnipeg, writes to Havana anxious to sell between 500 to 800 cars of potatoes, *in view of Cuba large demand, etc., etc.*

*Chartering:* The news of Combine chartering this year has no doubt surprised you. We consider this a big mistake and think they are under a wrong impression, which comes from

the successful chartering by Varela (for the Combine) of five steamers from Norfolk during the Virginia season. They were Moore & McCormiks boats and charters were put through in Havana through the ss. Agents here at a 60-cent rate, Moore & McCormik having given Varela an idea that they hoped to give them even same rate from New York, Boston or St. John. Mr. Bowman was charged with the chartering while in New York, but during the two days that he has been in Havana, since he arrived, nothing definite has been reported by him. In fact the Combine is holding a Council Monday to decide about this season's chartering and we shall cable information. Their chartering has begun with the 18 sailing with Manzers 10.000 and had it not been for your cable stating that you had a charter 2225 they would have insisted on f.o.b. prices, as requested our 9107.

Shall continue reporting, as well as we can, but do not think for a moment that it always a simple matter to get information. Manzer heard about your sales from his shippers, as nothing was disclosed to him at this end, for quite some time. Evidently it is easier to get information at your end as you have the advantage: the steamship people. We have written all this information as we think it necessary for you to be posted exactly on the situation.

*Contracts:* Palacios writes that you were willing to try out the new basis viz: "Damage will be paid in full by shippers if over five per cent." We have asked authority and await reply, but find strange to have no news.

Yours very truly,

(Sgd.) J. SURIS & CO.

September 18, 1922.

Messrs. J. SURIS & Co.,  
P.O. Box No. 2549,  
Havana, Cuba.

GENTLEMEN,—We acknowledge receipt of your letter of the 8th instant which is very interesting.

*Old Claims:* We regret that any difficulty was encountered on account of the delay in payment but understand at the present time that all claims have been cleaned up to date.

*Situation:* We note that the Combine is afraid of our Combination getting a monopoly in the Havana market and that they simply patronized Manzer to a certain extent in order to use him as a menace against us to create competition. We agree in your opinion but we have very little fear of Manzer's competition and feel quite confident we can hold our own against any competition that we may have in your market.

*Confidential Cable No. 9007.* We were very glad indeed to get this information and to have the different reports confirmed. We trust you will be able to get inside information from day to day from some of the members of the Trust in order that you may be able to compete against Manzer.

*Manzer.* We note that Mr. Manzer is popular with the Combine because he is so liberal in his method of appraising damages. We agree with the Havana Combine in this opinion. We too think he is very liberal with the shipper's money, so much so in fact that he lost several of his accounts last season and one of his shippers went broke, two or three others went very near broke. So in the long run, Manzer's liberal method of appraising damages will result in a benefit to us in that he will reduce the financial capital of our competitive shippers along the line here in a few years so that they will be weaklings. We have met Manzer's terms in regard to the five per cent damage clause. We are glad that Manzer's shippers pay him ten cents per package brokerage; this will only work as a handicap against the shipper in quoting low prices on your market. Personally we have very little fear of Manzer or the competition which his shippers may be able to give us. If the Combine or the buyers in Havana will keep their cards on the table and buy from the parties who quote the lowest price and who give the best service, we feel satisfied we can take the largest part of the business.

*Independent Dealers.* We feel that the Independent dealers in Havana are big enough and strong enough to import in cargo lots, at least a minimum of ten thousand packages and if we cannot get along with the Trust, our only alternative will be to sell to the Independents in cargo lots and assist them in securing as large a part of the Havana trade as possible. We will only attempt this, of course, in case we cannot secure the business from the Combine on fair grounds.

*Chartering.* Our Combination has decided not to sell f.o.b. steamer St. John. We have decided to operate our own line of steamers throughout the season and to offer our goods on the Havana market on a c.i.f. basis. We have talked this matter over very carefully with Paco and Mr. Palacio and we believe that we have convinced Mr. Palacio that our way of thinking is correct and that it will be more beneficial in the long run for the Combination in Havana to buy their supplies from us on a c.i.f. basis and allow us to do the chartering. We feel quite confident that when Mr. Palacio returns to Havana he will be able to convince the other six members of the Combine that his ideas are correct after having looked the ground over well while in New Brunswick.



*Contracts.* It will be agreeable for you to insert damage clause in the contracts as follows: "Damage will be paid in full by shipper if over five per cent."

*Second sailing.* We were very glad indeed that you were able to close the second sailing for 26th-28th. We have cabled you on the 16th indicating our desire to put on a third sailing October 5-7th and hope to hear from you as to the prospects of making sale for sailing at that time.

Yours very truly,

GUY G. PORTER CO., LIMITED.

GGP-K

J. SURIS & CO.

P.O. Box 2549.

HABANA, CUBA, October 26, 1922.

(Personal)—(Confidential)

Mr. GUY G. PORTER,  
Perth, N.B.

Dear Mr. PORTER,—I was positively disgusted this morning when at the meeting Manzer came across with a price just 0.05 cents below, same as last time.

I am absolutely sure there is someone at your end double-crossing us.

Your cable offering 10,000 at \$2.60 came in this morning at 8.30. I notified right away the Combine that I had my price, without telling no one what it was. I was then told to be at the "Secretary's Office" of the Lonja at 9.00 a.m. sharp, and to bring the price written in a sealed envelope. Manzer was late and did not come in until 10 a.m. bringing his envelope. Both were opened at the same time and to my surprise Manzer had \$2.55 while we had—\$2.60.

It sounded very funny to me his delay of one hour, which shows that he was either awaiting cable from your end, or was finding out, our cable at the Western Union.

First, I thought the double-crossing came from the Western Union Office at your end, and in that respect sent you our cable 3926. But later on I noticed that your cable was sent from St. John and there was not such probability. I then called at the Western Union to investigate, and although they would not tell if any wire came in to Manzer in the morning, or if his last wire showed a price higher than \$2.55 (two-five-five). I found that it was too difficult for him to find it out at the cable office.

Every evidence, shows that he had yesterday a higher price than us, and therefore there is only one thing left that there is someone at your office double-crossing you. Please look if the cable you sent from St. John was reported to the office early to-day the 26th and if there is any probability of some one seeing it, and wire sent to Manzer. Also from the Western Union office if there was any wire out to Manzer in the morning of the 26th which got here before 10 a.m.

It is indeed very funny that his prices should be always 5 cents below. I was able to check this difference the last time, in view of the fact that Pereda had Manzer's envelope ahead, and privately opened it and showed to me. Manzer then suspected something as he asked Pereda if I had seen his price, and was very much surprised of my price being even with his. He then asked that in future his price and ours should be brought to the meeting personally by the brokers, without no one seeing it.

Every fact therefore shows that something is funny and I will not give the thing until I find it out. Please do likewise at your end.

Mr. Porter, are you positively sure of the party I asked you while there?

Kind regards to Mrs. Porter, and yourself.

Sincerely yours,

(Sgd.) PACO SURIS.

J. SURIS & CO.

P.O. Box 2549.

HABANA, CUBA, November 1, 1922.

(Personal)

Mr. GUY G. PORTER,  
Perth, N.B.

Dear GUY,—Enclose and confirm my wires 4431 via Western Union, and 4501 via Commercial Cable Co.

I have every reason to believe that some one at this Cable Office gives Armand (please use this strictly confidential) some of our wires. I am asking you in those wires to quote on two cargoes from St. John 2022 2830, but to quote in this sole instant via the Commercial Cable Co. while my letter with new instructions regarding cabling reaches you. I been told "Confidential" that Armand has down here a big pull with the Western Union, and that usually he calls every night from 11 p.m. to 12 p.m. for his own wires. This sounds

very suspicious to me, specially in the case of the last wire with quotation, nevertheless I cannot prove anything certain and it is better to drop the matter, we may get ourselves into trouble otherwise. All left for us to do is to take precautions.

I have been extremely disgusted for the last two weeks in account of Manzer beating us. I been working more than ever but I cannot check him from underquoting us, because that is up to you. I am being supported very nicely by Pereda and Palacio, but at the meeting of the Combine the members asked that quotations from both sides should be given at the general meeting of the seven members under sealed envelope, no member to know ahead the quotation from either broker. This upset all my plans to know ahead Manzer's quotation. By the way, I was by Mr. Manzer to a meeting the day before yesterday, and he put up to me the following question? "Paco do you want keep on fighting or do you want to make arrangements"? and submitted immediately the following proposition, viz: either to work fifty-fifty, inasmuch as he has sold so far half of the New Brunswick cargoes, or else he would continue quoting with the very lowest margin to avoid business I mean profit for anyone of the shippers. I told him, I could not give him any answer, but simply put it up to you.

I know very well you would not accept such proposition, as I would not myself, and in my opinion he has fears of future prospects, and is trying to check the failure ahead, before he is obliged to drop the fighting. I think therefore we should continue giving him as big a fight as ever.

*Albistan*: As written to you before, in the case of this steamer I had to put up strenuous fight and action to get our steamer in ahead before Manzer's boat to avoid rejection. I was helped out on this greatly by Pereda and Palacio.

At time of discharge all sacks showed stains, specially Pereda's. Pereda and Palacio hauled all their potatoes that same Saturday working extra time, all day and night Saturday and Sunday, and at time of hauling took in some instance damaged potatoes from other marks, to avoid claims. Pereda and Palacio at that time asked only our support in their labor, for the help they were giving us, and their had our promise. The reason for so doing was to avoid any claim, and in the case that any of the other members of the Combine should claim, we were to tell them that, neither Pereda or Palacio claimed, and that their potatoes were as bad or worse than the others.

We have therefore to protect them in their labor, and hereby enclose Pereda's claim for: \$173.25. Please mail him you check. Although this claim does not reach the usual 5 per cent, considering the circumstances, they are entitled to protection. Please therefore do not turn down this claim, otherwise I will pay it myself.

With kind regards to Mrs. Porter and yourself, I am,

Sincerely yours,

(Sgd.) PACO SURIS.

December 9, 1922.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

GENTLEMEN,—Replying to your letter of November 27th, re Manzer's sailing *San Bruno* ex. St. John about Nov. 24th, we note you understand this steamer was chartered by Manzer's shippers at 65 cents. Our report is that Manzer's shippers paid 70 cents although we are not certain. We have no fear of the White Fleet boats beating us out in the St. John-Havana deal as Munson can put in a tramp steamer much cheaper than the White Fleet can operate their high class fruit boats. Munson has treated us very fairly and indicates his willingness to meet any competitive rate that may be named. St. John is not a convenient port for the White Fleet boats to touch. It is out of their regular channel and we have not much fear of the United Fruit butting in seriously on this deal.

Ward Line sailing ss. *Antilla* ex. St. John December 2nd. We have confirmed all the reports we made to you by cable on this sailing. The Combine bought the cargo of 8,000 sacks through Manzer from Estey's Combination at \$2.70 C.I.F. Havana. One of the Estey Combination told one of our shippers confidentially so we would request that you keep this very confidential. We might also mention that Manzer cabled Estey asking him to be very cautious about letting this information out. It was understood between the Combine and Manzer that this sale should not be made public until the cargo arrived in Havana and it was also arranged that Manzer and his shippers would report the cargo went out on consignment and was sold afloat. The whole deal has been covered up intentionally both by the Trust and by Manzer although we got the information the same day the order was cabled to Estey. This information is a positive fact. We got the information straight from one of the Estey Combination although you must keep this very confidential. It is a case of gross discrimination by the Combine against us as we quoted two or three days previously at \$2.65 and they deliberately gave the order to Manzer at \$2.70. We will now find out who the Estey Combination made their drafts on in Havana and you will probably find



that the Trust will take care of the cargo as soon as it reaches Havana. We feel that Manzer is getting most of his support through Armand as Armand wants to make himself the big chief among the Havana buyers and Manzer wants to make himself a big man among the New Brunswick shippers. We are not worrying, however, and will shape our policy to meet the circumstances from time to time. In the meantime, we are

Yours truly,

GUY G. PORTER CO., LTD

GGP-K.

January 4, 1923.

Mr. J. A. PALACIO,  
c/o J. A. Palacio & Co.,  
Oficios 5,  
Havana, Cuba.

My Dear Mr. Palacio,—I received your cable of the 28th ultimo reading as follows:—

“WE THANK YOU FOR WHAT YOU HAVE DONE THROUGH SURIS  
WE DO NOT WANT ANY MORE BUSINESS THROUGH HIM PLEASE SHOW  
THIS WIRE TO OUR FRIENDS.”

We note this cable is signed by Palacio and Pereda. Now you do not tell us very clearly just what you mean in this cable but we take it for granted that you object to Suris selling potatoes in Havana. We have written Mr. Clark earlier in the day and enclosed a copy of Armand's letter in our reply to Mr. Clark. In this letter Mr. Armand tells us very plainly that he will see to it that we get just as little business as possible from the Combine and that we will get no business at all from the Combine if he can prevent it. Now when you were here with us last summer we talked matters all over and felt you were going to give us your support but after you went back home to Havana, we find that Armand repeatedly gave the orders to Manzer and on two or three occasions he gave Manzer orders for two cargoes in succession and we understand it was even fixed up to keep these orders a secret so that the information would not fall into our hands. We do not now and have never believed you were the promoter in handling the business in this manner nevertheless, Armand apparently was King of the Havana Combine and gave the business to Manzer. After we received Armand's letter telling us that he would arrange so that the Combine would not give us any of their business, we were forced to instruct Suris to sell the trade indiscriminately. It was not until after we received this word from Armand that we instructed Suris to sell any buyer in Havana who was in the wholesale potato business. Suris has simply followed out our instructions so we trust you will not attach any blame to Suris as we are responsible for selling the Independents and we only did this after Armand gave us his assurance that we would get no business whatever from the Combine. Now as a good business man and a man of good judgment, I am going to leave it for you to decide whether we did right or wrong. Naturally we want business and as much of it as possible and we could see no other way of securing orders from Havana. I regret very much if I have done anything wrong as I have always been anxious to secure the greatest share of your orders, also Pereda's orders that it is possible to secure. I am now more than ever anxious to secure your business as well as Pereda's business and I think you will find I am always ready to go my share of the distance in bringing about arrangements that will make conditions profitable at both ends. You can no doubt very well understand that we do not feel like allowing Armand to kick us out of the Havana market and I am also firmly of the opinion that you do not co-operate in backing up Armand in his policy. Armand simply refuses to accept Clark's adjustment on his shipment and we explained at the time that you had agreed that Clark's adjustments would be satisfactory to your Combine. So far as we are concerned we have paid all claims recommended by Clark, nevertheless Armand has notified us that we will get no business whatever from the Combine if he can prevent it. Now please feel that I am always ready and anxious to arrange matters so that both these shippers and receivers can make a profit and if there is anything I can do personally to bring this condition about, please do not hesitate to command me.

With very best wishes for your good health and prosperity during 1923, I am,

Yours sincerely,

GGP-K

March 27, 1923.

Mr. FRANCISCO SURIS,  
c/o J. Suris & Co.,  
P.O. Box No. 2549,  
Havana, Cuba.

DEAR SIR,—At a meeting of Hatfield, Gallagher, Estey, Suris and Porter in the Parker House, Boston, on the afternoon of March 20, 1923, the following arrangement was agreed to:—

A private rebate would be allowed in equal proportions to Palacio, Pereda, Armand and Bowman, on the following monthly basis:—

Up to 25,000 packages monthly, no rebate.

25 to 35,000 packages monthly, 5 cents rebate.

35,000 upwards packages monthly 10 cents rebate.

Palacio, Pereda, Armand and Bowman agree to pay us 10 cents per package on all shipments made from New Brunswick or Prince Edward Island except on purchases made from the Porter or Estey Combinations.

It is understood also that purchases of 5,000 packages or upwards will enjoy 10 cents per package lower price than purchases of smaller quantities.

It is also understood that sales to Independent dealers are to be made only on steamers other than those bought by the Palacio Combination.

This arrangement is to become effective on the sailing of the next steamer, namely the ss. *Skogheim* scheduled to sail about the 24th-26th of March, 1923, providing the arrangement is agreed to by Palacio, Pereda, Armand and Bowman, and that we are notified to this effect in course of mail.

It is understood also that these rebates are to be adjusted on a monthly basis and the amounts are to be paid at the end of the shipping season.

This arrangement is to stand in effect so long as it is agreeable to both parties, either party, however, has the right to cancel this agreement by giving written notice to Palacio on the one hand and Porter on the other hand.

It was understood that you were to talk this arrangement over with Palacio, Pereda, Armand and Bowman, upon your return to Havana and if this agreement is satisfactory to all concerned, please have Messrs. Palacio, Pereda, Armand and Bowman sign one copy of this letter, indicating their approval of the arrangement, and return same to us in course of mail.

Yours truly,

GUY G. PORTER CO. LIMITED.

Copy Hatfield & Co. Ltd.,  
C. E. Gallagher Co.,  
O. R. Estey,  
Nelles & Clark.

GGP—K.

October 26, 1923.

Mr. FRANCISCO SURIS,  
c/o J. Suris & Co.,  
P.O. Box No. 2549,  
Havana, Cuba.

DEAR PACO,—I have your letter of the 12th instant with enclosures as stated. Thanks for your weekly potato report. I am very sorry indeed to hear of your recent illness and I sincerely hope you have fully recovered and are feeling quite yourself again. Please don't work too hard and get sick. Take things easy and let your assistance do a good part of the running around. Is Juan still in Europe or has he returned?

Damiers organized a few of the smaller shippers while he was here but most of them are very weak financially and others have a reputation of being very square in their dealings.

I note your remarks about Manzer showing his price of \$3.28 to all the members of the combine and I note also that the combine eventually bought this cargo from Manzer at \$3.28. According to our way of thinking it is a mistake for the combine to buy a cargo from Manzer at any price. We think the better way is to sell the independent dealers their full requirements (a reasonable quantity) every week so to block Manzers chance of selling cargo lots to anybody. We feel quite sure that the independent dealers would prefer to buy regular supplies from you weekly rather than to take a chance of getting their supplies spasmodically from Manzer. From my knowledge of the situation in Havana I think the proper thing to do is for you to sell enough to the independents every week to make it impossible for Manzer or anyone else to sell a cargo of potatoes in Havana to anyone but the trust. You remember that according to the agreement we made in New York we have the privilege of selling the independent dealers 20 per cent of every cargo, and I think it very important that you sell at least 20 per cent to the independents on every steamer, if you do this you will block the only chance in the world that Manzer has of selling a cargo and the combine could simply tell Manzer frankly that they are not interested in his offerings.

We have given Munson a standing order for a steamer every week to sail from St. John every Friday night as you requested but it is a big job to get these boats out on time. Munson is having considerable difficulty in finding steamers fast enough and at the right time to supply our requirements and then again we are having a good many bad storms which keep the boats behind time a great deal for instance the steamship *Asator* was due in St. John this morning but on account of the severe storm we had yesterday and the day before she is running two days late and will not get into St. John until Saturday, we hope however by working nights and Sunday to get her away on either Sunday or Monday the 29th instant.



We will keep you posted closely on any important moves made by Southgate or Manzers shippers at this end. We will take up the question on ocean rate on oats and will advise your members Messrs. James Richardson & Sons, Board of Trade, Montreal, in due course.

Now Paco dont work too hard and get sick take it easy and keep well. I sincerely hope you are feeling much better by the time this letter reaches you and with very kindest regards.

Yours sincerely,

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

November 7, 1923.

Dear Sirs,—We acknowledge receipt of your letters of the 18th and 29th ultimo. We have also received your weekly potato reports covering weeks ending October 8th, 15th and 22nd for which we thank you.

We note that Manzer and Southgate are giving you hard competition they are also giving us hard competition at this end but we are co-operating among ourselves to give Manzer and Southgate the hardest competition we possibly can and we feel certain our friends in Havana will give Manzer and Southgate all the competition they can stand in your market.

We do not like the idea of sending documents direct to Antonio Perez as it was talked over by all hands when in New York last summer that we would bill the big four on open bladings and we would bill the other three fellows to order and we think we had better stick to this arrangement.

We note that some of the members of Palacio's combination still insist on selling nothing to the independents we think this is a very big mistake as it simply gives Manzer the opportunity he is looking for to sell the independent dealers full cargo lots. We have pointed out repeatedly and we still of the same opinion that if you sell the independent dealers two or three thousand sacks weekly at say fifteen to twenty-five cents per package over the price paid by the combine and assure these independent dealers that they can get their supplies every week regularly and at a reasonable price, we feel certain such an arrangement would make it impossible for Manzer to sell full cargo lots to the independents this question looks very easy to us and we suggest that you have a heart to heart talk with Palacio and Armand along these lines and ask them to give you a chance to try out this policy for a few weeks and see how it works this is important. Please have this scheme tried out and advise us of the results.

Re-using Moore & McCormack ships we have a claim against these people for a small amount some \$600 which they have refused to pay and until the claim is settled we cannot use their ships. We note that Moore & McCormack are now discharging their steamers at the board of Havana Docks. We are glad to hear this and if they settle their claim satisfactorily we shall be glad to figure with them on further sailings.

We note by the end of November or the first of December that Cuba begins shipping raw sugar in large quantities. We will take full advantage of this situation and will endeavour to get the lowest freight rate possible.

We have been very much pleased with the support the Palacio, Armand, Lopez, Bowman combinations have given us this season and you can depend upon it we will do our very utmost to give Manzer and Southgate hard competition at this end. You of course realize that Southgate and Manzer give us just as hard competition on the buying end as they give the Havana combine on the selling end, so the question resolves itself into one where we will have to take care of this competition at this end and the Havana combine will have to take care of this competition at your end for you cannot expect us to fight Manzer and Southgate at both ends. We note that Southgate has had a hard time selling his tercerolas ex Halifax and we note that where ever Southgate sends a car to the outport the combine sends two cars to the same outport and cuts the price.

We note that Perez, Armand and Bowman still pay considerable attention to Manzer and that you cannot really depend upon these three for their undivided support, in this connection we would like to know just how far Perez, Armand and Bowman participate in the arrangement we made with Palacio and Armand in New York last summer, perhaps these three firms don't benefit to any extent in the arrangement we made in New York and perhaps this is the reason why they do not co-operate with you to a greater extent. We are not making any suggestion as we leave this for Palacio, Armand and yourself to arrange but we would like to know just what distribution of profits is being made as a result of our New York arrangement.

There are practically no number two potatoes available this season and we are therefore not able to give you a cheaper grade of potatoes. We consider the three cargoes the combine bought at \$3.45 per sack is an excellent trade and a purchase that cannot be duplicated. With nothing further at present.

Yours truly,

GUY G. PORTER CO., LTD.

GGP:PMJ.

P.O. Box 2549.

J. SURIS &amp; CO.

HABANA, CUBA, December 9, 1923.

(Confidential)

Messrs. GUY G. PORTER Co., LTD.,  
Perth, N.B.

DEAR GUY,—I am having my hands busy trying to check Manzer. He is using every effort and every method against us.

Recently, at the time we were trying to corner him with his cargo at \$3.40, and we were authorized by you to sell at \$3.25, we wrote to all buyers with our offer on a Saturday night, so they would get the quotation on Monday morning. We pointed out in the letter that the competition was \$3.40.

It seems now that Manzer got hold of one of those letters, and he is writing to his shippers to put the matter up to Ottawa.

The moment we learned of this, and after consultation with Palacio, he sent his wire out to Hatfield, Armand was told to send one to you, as per our 12307, so that you could get start on him.

Should you need the necessary evidence of Manzer underquoting us all the time, we will furnish same to you, not in the way of any letter from him, as he does not write but we can always show his offers below ours with the evidence of all the members of the Combine.

*Re your letter of November 10:* In splitting up the lots among the members of the combine, please try your best to have it in one lot if possible, or two if necessary, but do not go beyond two, as it means three entries at the rate of \$5 each plus other charges.

*Re your letter of November 15:* The only suitable wharves in Havana, besides the Havana Central (Munson's wharf) are the following:

San Francisco,

Machina

(of the Port of Havana Docks).

San Jose (of the Ward Line).

Santa Clara (of the United Fruit).

Do not recommend neither "Atares" or "Tallapiedra."

As wired you Manzer commenced offering \$3.10 late Saturday for a sailing 18-20. We wire you for instructions, and later received your wire 9408 which we carefully read and ready to follow your suggestions.

We are reasoning to the combine we per your said wire, and are doing our best to close the sale of 1012—cargo at \$3.30, although Manzer's price of \$3.10 is hurting our efforts.

*Amaral's 1200 rejections ex ss. "Jacob Maersk":*

Amaral absolutely refused to pay this lot. He claims he found large percentage of hallow-hearted in the first lot, and besides the quality of the potatoes were of inferior grade. Also that he was against this purchase, as the red stock has no market here. (Confidential). It seems that he was against the purchase, and that at the time of the meeting the members of the combine supporting us, did not have him, to avoid his interference with the purchase. We have on the other hand called on all the other members of the combine to have them take up the lot, but they claim that, they have lost 50c. per sack in their share of both Charlottetown cargoes, and that the total purchase was for two cargoes of 10,000 sacks; also that it is understood when speaking of cargoes that they mean 10,000 and that you should have consulted before shipping 12,000.

We took also the mater up with Palacio and Armand confidential, but they stated that they had hard job in convincing the other members to purchase both cargoes. That they spoke to you all the time of one cargo and that you should not had gone ahead and contract two, and that they fear to bring in any pressure, that may break up the combine, now that Manzer propaganda has done some damage.

*Carcas & Co. rejection 500 sacks:* We sold these buyers without telling them that it was red stock, as the combine did not want them to know it, otherwise they would had spread the news and give Manzer a chance to sell a cargo white stock against ours of red. We mentioned in the contract "Table stock". They took the first lot after great efforts, but utterly refused to take the second lot. In a way we cannot blame them nor blame the combine as they did it to help the sale.

By the way we would not recommend you to sell a single more cargo of Charlottetown in future. The red stock has absolutely no market (people claim it gets black when cooked) and sell all the way from 50c. to 75c. below white stock.

Also hay, we will not care to sell one single bale of hay more. They ship the worse stuff that can be found.

As regards the contents of your letter of the 10th of Nov. about sending the whole cargo consigned to us, I would not recommend. It will be alright when the market is good, but may find lots of troubles when the market is bad.



*Schooner R. Parsons with 3,500 sacks of potatoes consigned to Kinsbury & Co.:* This cargo was originally sold at \$3 c.i.f. but refused on arrival, in view of the large damage, in my estimation over 40 per cent. It was bringing also 200 tons of hay, of which 160 tons on deck was lost by storm. We think this cargo of Deblois will be a total loss of at least 60 per cent.

As regards Southgate we think they will be either out of the market this year or else will have to stand a loss of over 100,000. They actually have nearly 20,000 packages of potatoes in poor conditions, which will mean over \$30,000 lost. They approached the combine offer to retiring if all their stocks and afloat were bought from them at cost Combine declined.

Very truly yours,

(Sgd.) J. SURIS & CO.

December 17, 1923.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

DEAR SIRS,—Replying to your letters of November 10th, 15th and 30th.

Yours Nov. 10th. We are sorry we shipped so many Bliss, but we were satisfied to take the Combine's bid of \$3.80 per bbl., c.i.f Havana, on the surplus over and above ten thousand.

Your letter Nov. 15th. Re barrels, we are now in a position to supply large quantities of barrels, and hope you will be able to give us orders for a few thousand barrels on each steamer.

We note you claim that Manzer has under-quoted us in most cases. We do not deny this as we are trying to do business at a profit. More than this, as you note, our price carries ten cents rebate to the "Big Four" which is a handicap, while on the other hand Manzer's shippers have no such rebate to pay and furthermore, they are willing to do business at cost or even at a small loss in order to get into your market.

We realize it is very important to sail steamers on time, but the fault lies with the Combine. If they can place their orders with us ten days or two weeks ahead, we can put our steamers out on schedule time, but if they give us four or five days' notice only, it goes without saying that in all probability steamers will sail behind schedule time. We can assure you that we will do everything within our power to make our fight successful and to support our friends who support us.

Your letter of Nov. 30th. We are turning this letter over to Mr. Emack our Treasurer, and thank you for the information.

We understand Manzer's *Almora* was due to arrive Sunday the 16th. Our ss. *Lisbeth* was due to arrive Monday the 17th. We hope the Combine with your assistance, will be able to give Manzer's shippers a hard fight and force them to reduce their prices in order that they may be discouraged and leave market more to ourselves as Manzer has continually quoted below us and has encouraged his shippers to continue quoting below cost in order to secure a part of our trade. We also hope that Southgate will soon decide to withdraw from Havana market as he should certainly know by this time that the Havana Combine will not allow him or anyone else to step into that market and rob them of their trade.

With very kindest wishes for your Xmas season, and with kindest regards to your family,

Yours very truly,

GUY G. PORTER CO., LTD.

GGP—EMB

December 21, 1923.

Mr. FRANCISCO SURIS,  
J. Suris & Co.,  
P.O. Box 2549, Havana, Cuba.

DEAR PACO,—I have your confidential letter of the 9th instant. We note the remarks about Manzer getting hold of your circular letter. Gwinn received one of these from you and gave it to Manzer and this circular was sent to McCain. Manzer also got hold of several others and sent them north, some of our friends have seen them. I do not know that you have said anything in this circular that is detrimental but it might be wise to be very careful what you put in writing as no doubt Manzer would make trouble if he got the chance. Will you please send me one of these circulars by return mail as we understand McCain has given our member of Parliament one of your circulars and we want to know what we are up against in case we are called upon to make any explanation to the Government, so please send me one of these circulars by return mail.

We will try to make shipment to the members of the combine in as few lots as possible.

We note you recommend we use the following wharfs in shipping to Havana, "San Francisco Machina, San Jose and Santa Clara". We note also you recommend that we do not use "Atares or Tallapeidra" and we will be guided by your advices as far as possible.

We note very carefully your remarks about Amaral rejecting his shipment on the *Jakob Maersk*. We are not very well pleased with the treatment we have received from Amaral and unless the combine can control him and make him take his shipments according to contracts we are not very anxious for his business. We have had more or less trouble with Amaral since the beginning of the season and we think it is up to Palacio and Armand to give Mr. Amaral to understand that he must live up to his contracts or else buy his goods elsewhere.

*Re Carcas and Company.* We note your remarks about their rejecting five hundred sacks on the *Jakob Maersk*, these people have been making trouble on the last four shipments and on the steamship *Lisbeth* they took exception to Spaulding Rose. Smith shipped them about four hundred sacks Spaulding Rose and two hundred sacks Mountains and Cobblers. Clark cabled that Carcas rejected this shipment and wanted twenty-five cents per sack discount on the four hundred bags of Spaulding Rose. We cabled Clark that we considered Mountains, Cobblers and Spaulding Rose all in the same category as a good commercial grade of table stock and that unless Carcas paid his draft and accepted this shipment immediately to notify Carcas to buy his further requirements elsewhere and that we would turn this shipment over to you to sell some one else. We have a cable from Clark this morning stating that Carcas is paying his draft.

We understand Carcas and Company is a subsidiary Company of Palacio, in other words we understand Palacio is the principal owner in this concern and that he directs their affairs. You remember a few years ago J. V. Ruiz operated a small company and later we found that this company was controlled by Palacio. We think Carcas & Co., is operated along the same line and I would ask you to write me fully about this matter giving us full information as it will help us how to decide how to treat them in case we have further difficulties.

We note you recommend that we do not sell any further cargoes from Charlottetown in future. We think this would work very much to our disadvantage. In the first place we did not introduce the sale of Charlottetown cargoes in Havana but for years we found Charlottetown cargoes in competition with us and in Manzer's hands for sale and we do not know of any way to keep Charlottetown potatoes out of Havana, if we do not handle them Manzer will. We took the account away from Manzer and we want to keep these Charlottetown cargoes out of Manzer's hands. It is much better that these Charlottetown cargoes be offered through us and through you. The combine does not have to buy these Charlottetown potatoes if they do not want to, but if we turn our Charlottetown friends down they will immediately take up with Manzer and both of us would lose the business and accomplish nothing, because if we don't sell Charlottetown potatoes in Havana Manzer will. The whole matter lies in the hands of the Havana buyer, if they don't want the stuff they should not buy it, it is hard for us to keep Charlottetown potatoes from offering on your market.

We note you do not approve of sending the whole cargo to you.

We note that the schooner *Ralph Parsons* with thirty-five hundred sacks was a total loss.

We note that Southgate will be either out of your market or lose one hundred thousand dollars this year. We hope Southgate will have sense enough to get out. With seasons greetings,

Yours very truly,

GUY G. PORTER.

GGP—PMJ.

J. SURIS & CO.

P.O. Box 2549.

HABANA, CUBA, January 28, 1924.

(Confidential)

Messrs. GUY G. PORTER CO. LTD.,  
Perth, N.B.

DEAR GUY,—Being to-day a holy day, are cleaning up all correspondence.

*Nelles & Clark:* Messrs. Palacio & Armand, have requested us to call your attention that Messrs. Nelles & Clark have not yet sent their proportion of the overage on the steamers *Enare* and *Nordhav*, from last year.

*New Arrangements with McCain:* Please accept our heartiest congratulation for your latest success, and arrangements with the McCain combination. Palacio showed us your wire to him, and if you are able to hold McCain and Manzer to those terms, we think you have made wonderful arrangements, with prospects of a fair profit for the balance of the year to buyers and shippers. We have nevertheless recommended you to hide those arrangements from Manzer if possible. We know him well, and feel sure he will not be satisfied, and will right away start trouble.

We are in the other hand trying our best to weaken his position here as well as that of the independents that have grown too much, and we want to keep them within our control.



We have requested you for that reason to sail the *Perene* ahead of the *Ringborg* if possible, or at least the same day.

Also to delay McCain's second boat, and to send your following boat a day after.

Please try your best to please the Combine, I mean Palacio-Armand, as much as possible, as they are doing a whole lot at this end, in your behalf.

Very truly yours,

Sgd. PACO

J. SURIS & CO.

P.O. Box 2549

HABANA, CUBA, January 28, 1924.

Messrs. GUY G. PORTER Co. LTD.,  
Perth, N.B.

Dear SIRS,—We are way behind in our correspondence, but will try to keep it to date in future.

We have unanswered your valued letters of Dec. 10, 17, 19, 21, 26, January 17, 18, 19.

Are indeed sorry to hear of Mr. Bohan's death. We presume also it will mean a shipper less for Mr. Manzer.

Your letter Dec. 17: Please take note that our wire to you regarding Mr. Manzer underquoting us all the time, was not a complaint, but simply sent to overcome Manzer's action by sending our letter to McCain, in connection with underquoting his price 15 cents. Palacio's (letter) cable was also set to serve the same purpose. We hope Manzer's action has not prejudiced you and associates.

Have examined and found correct your statement of Dec. 19.

*Carcas & Co.*: Answering your inquiry in letter of Dec. 21 regarding this firm we beg to say that, just as you surmise Palacio & Co. are the silent partners of Carcas & Co.—The firm is controlled by Palacio as to financial part is concerned, but Palacio leave them entirely to act for themselves. The whole story is this: J. V. Ruiz & Co. was controlled by Palacio to have a daily information of the outside works, apart from his company J. V. Ruiz worked alright at the beginning, but afterwards started some crooked work (which was at time when we got caught) and Palacio then dissolved the Company and turned the whole over to Carcas to see what he could save, the losses being at the time over \$30,000—Carcas & Co. is therefore carrying the old business of J. V. Ruiz & Co., financially supported by Palacio.

As to the rejection of the reds, we explained to you it was due to our being told to hide that it was red stock. And as to the spalding rose, although you say the quality is better, the trade down here do not want it because they claim that, in account of being red colour the retailers will not take it, and they have a hard time to dispose of them. This will explain also the complaints of the other members of the combine for the spalding potatoes.

*Charlottetown Shipments*: We note your comments regarding Chtown. Shipments. This grade of stock have grown very unpopular of late. The last arrivals were sold at the market at 50 cents and 75 cents below the white stock. We fear very much this quality of potatoes for the troubles we have had—and thats the reason why we try to keep away from it.

*Amaral and Carcas' Rejections "Ubbergen"*: These lots were handled by Palacio, and the proceeds at the rate of \$2.94 per sack was turned by Palacio to the Bank a few days ago. Palacio wanted to pay before, but the Bank insisted collecting in full the amount of the drafts. Palacio originally guaranteed \$3 per sack, but your acceptance came five days after when the market had gone down further.

*Corrected Invoices*: We again beg to call the attention of your forwarding agents at St. John. The Custom House will not take consular invoice or bill of lading with correction, and in each and every case we have to put up a bond. Please therefore notify again all shippers to avoid a further occurrence.

*SS. Ringborg*: We understand the Combine is bringing 3,000 on this boat, bought through Amaral-Manzer, from McCain.

Your letter of the 19th inst. has brought us your cheque for \$298.95 covering brokerages as per statement enclosed. Thanks.

*Antonio Perez*: This buyer has requested us if possible to give him always Nelles & Clark potatoes. Please try to please him.

Very truly yours,

(Sgd.) J. SURIS & CO.

February 6, 1924.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

Dear Sirs,—Replying to your three letters of January 28th.

Carcas and Company. We note that this is a subsidiary company controlled by Palacio. Thanks for the information.

Spaulding Rose. We note your remarks in regard to Spaulding Rose, but as we advised you on the 5th instant in our cable number 13705, we consider Mountains, Cobblers and Spaulding Rose all in the same class and of equal value. Our shipments of Spaulding Rose, however, will be very small and the percentage of Spaulding Rose on each cargo will be very small and we trust our friends will accept this small percentage on the same basis as other white stock. We also ask you to make no change in our contract or confirmation of sale.

Charlottetown shipments. We note that Island Reds are not very popular in your market. We do not expect to offer any more Island Reds until perhaps next spring when navigation opens up at Charlottetown. We may then have a cargo or two to offer and will offer them to you at a lower price than whites. We trust also that when we quote these Island Reds from Charlottetown the combine or the purchasers will take the quality into consideration at the time they make the purchase and not put up any kick after the cargo arrives. Once a price is agreed upon, we want the sail to go according to contract.

*Re Amaral & Carcas rejections on the ss. Ubbergen.* We note that Palacio has paid at the rate of \$2.94 per sack on these two lots and that Palacio has paid this amount into the bank some few days ago. We have Palacio's guarantee by cable that he would pay us \$3 per sack for these potatoes, but as the difference is so small we will not raise any objection. Please thank Mr. Palacio for handling these potatoes for us and tell him we are satisfied with the return.

We note that the combine through Amaral has bought from Manzer 3,000 from the McCain combination for shipment on the steamship *Ringborg*. Thanks for the information.

We note that Antonio Perez would like to have Nelles & Clark's potatoes. We will keep this in mind and try to work accordingly.

We have Otero & Companies claim for short weight on three hundred sacks ex steamship *Lisbeth* amounting to \$19.50. We enclose herewith our check payable to Oter & Company for \$19.50 to cover, but in future please have Clark send in all claims to us.

We note that the combine bought Southgates last two schooners one at \$3.90 and \$4.40 c.i.f. Havana.

We note the combine have given you instructions not to sell anything to the independent dealers. We think this is a big mistake for in our opinion it only makes it easier for Manzer and Southgate to sell the independents, which keeps Manzer and Southgate in business regularly. Our idea is, that it would be much better for you to sell the independents their requirements rather than having Manzer and Southgate sell them. If we sell them the overage in price goes to Armand and Palacio, which would amount to considerable. When Manzer and Southgate sells the independents, we lose the business Palacio and Armand lose their overage, you lose your brokerage and besides, you force Manzer and Southgate to stay in business in order to supply their customers, whereas if you sold the independents you would take Manzers and Southgates customers away from them by so doing. From every angle we believe it is good business to sell the independents, and if you sell them all they want or a reasonable quantity they will not be able to club together and give Manzer an order for a full cargo. So long as you refuse to sell the independents you only force the independents to club together and buy cargo lots through Manzer or Southgate, in fact we are firmly of the opinion that the combine had allowed you to sell the independent dealers a reasonable amount on each of the boats they never would have had Manzer or Southgate to contend with. This has been the writers opinion for several years and it was the policy the writer advocated when Havana for two years. Our opinion has not changed and we think the combine is making a big mistake in refusing to sell the independents for the above reasons.

We note that Palacio wants us to give Carcas and Co. five hundred bags on each steamer at the same price the combine buys at. We will do this, but to prevent us from overlooking the matter please add Carcas & Co's. order of five hundred sacks in your cables when you place order with us for cargo lots and we will confirm accordingly.

We note that Palacio and Armand have requested you to call our attention to the fact that Nelles and Clark have not yet sent their overage on the steamers *Enaire* and *Nordhav* from last year. In this connection please be advised that we wrote Mr. Palacio personally on October 27, 1923, enclosing a statement from Nelles and Clark showing the amount of commission due him amounting \$591.40 and we enclosed Nelles & Clark check for \$591.40 to Palacio in our letter. We understood that this commission belonged to Palacio only and not to Armand, of course this is only our understanding and may be wrong, but we would suggest that you talk the matter over with Mr. Palacio before mentioning it to Mr.



Armand. We might mention incidentally that we have not yet been able to collect from Mr. O. R. Estey the amount of commission due Mr. Palacio from last seasons business. We are to-day making another strenuous effort to get this money for Mr. Palacio and if we succeed we will send it along to him personally.

We note that you are pleased with the arrangement we have made with the McCain combination. Up to this writing everything has worked out satisfactorily on the basis agreed upon, but we are having a very difficult with McCain to hold him to his agreement. We are doing our utmost to hold McCain strictly to the agreement he made with us and hope to be able to do so for the balance of the season, but if a break should come and we are again compelled to enter into keen competition with the McCain combination we will advise you to this effect so that our friends the combine in Havana will be fully aware of the situation and will be able to take such action as may, in their interests be most suitable.

We will do our utmost to cater to the wishes of Palacio Armand and their associates and hope we will be able to give them good service. In the meantime we are,

Yours very truly,

GUY G. PORTER CO., LTD.

GGP.PMJ.

February 15, 1924.

Mr. J. A. PALACIO,  
P.O. Box 881,  
Havana, Cuba.

My dear PALACIO,—I have your cable of the 13th instant as follows:—

"I strongly suggest you to accept Suris todays wire it is favourable for both parties I am working very strong for your benefit I want beat answer Suris."

I note the above cable and have discussed it with my associates very carefully and our associates feel that the Havana business up to date has not been profitable. They claim that they have not made enough on their Havana business to pay you the ten cents rebate in accordance with our New York agreement.

You will no doubt realize that we have been giving Manzer and Southgate very strenuous competition at this end. This has practically taken all the profit out of the business. We have succeeded in shutting out Southgate for several weeks from the New Brunswick territory, although we understand now that Southgate is preparing a cargo of some six or seven thousand barrels of at Halifax and that he cannot complete his cargo at Halifax and will be obliged to bring his steamer around from Halifax to St. John and load something like three thousand or thirty-five hundred barrels or sacks at St. John. We have not yet received full particulars on this matter and as soon as we get more information will pass the information along through Suris for your benefit.

We might mention that while the McCain combination have just sold a cargo at \$4.25 per sack to the independents we have quoted you at \$4.15 per sack which with the New York agreement means twenty cents per sack less than McCain shippers are getting. This twenty cents eats up our profit as we consider twenty cents a good profit if we were able to get this on all the business we do.

We might also mention that if we undertake to make new arrangements it would break up the New York arrangement and we are anxious to have our shippers carry through the season on the arrangement we made in New York last summer. If we broke this arrangement now it would be difficult to secure a settlement on basis of New York arrangement at the end of the season. We therefore strongly recommend that we adhere closely to the agreement we entered into in New York, so that there will be no misunderstanding at the end of the season.

We are anxious to do everything we possibly can to assist you and Armand to keep control of the situation at your end and will assist you in every way we possibly can and with the very kindest regards,

Yours truly,

GGP.PMJ.

March 22, 1924.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

Dear SIRS,—Replying to your letters of the 11th and two of the 12th instant. We note your explanation about Weeks & Company of Boston, quoting Whites at \$4.15 booking orders and then shipping Spaulding Rose. We could not understand at the time how Weeks or anyone else could sell Whites from Boston for \$4.15 per sack c.i.f. Havana and I am glad to learn the matter turned out as you stated.

We note your remarks about Gwinn rejecting our four hundred sacks on the steamship *Adolf*. We cannot yet understand how we come to make this mistake, as the order came in three hundred sacks and the mistake was made in our own office, nevertheless we are very sorry to lose forty cents per sack discount or \$160 on the lot and in this connection we cabled you to-night our cable No. 16921 asking if you considered it advisable to consign 2,000 sacks on the *Wagland* sailing the 25th to 28th instant, in order to compensate us for the loss our company made on the rejections on the *Adolf* and on the *Munplace*. We now await your advice as to whether to consign or not. We cannot charge this loss up to the whole cargo as we are satisfied our shippers would not stand for it, the loss having occurred on shipments belonging to our own company. This is why we want a chance to make up the loss.

We note you do not recommend consignments, unless you tell us to consign and will try to follow your suggestion, although at times we have odd lots which are in the way in our warehouse and we have to move them, in which cases we are obliged to put them on the ship and will advise you when they go forward, but we will do as little of this consignment business as possible.

We note, however, that the first chance you see of a high market will cable so that we can consign a thousand sacks in two or three small lots to make up our loss on the four hundred sacks rejected by Gwinn.

We will always follow your suggestions and your instructions as closely as possible, but there are times when we have steamers chartered that we find it impossible to carry out your wishes or the wishes of the Combine. Demurrage rate on steamers run from \$250 to \$400 per day and when we hold steamers beyond the time called for in the charter party, we are called upon to pay these demurrage charges, which naturally we wish to avoid, however, you can depend upon it, we will do our very best to carry out your instructions and your suggestions as nearly as circumstances will permit.

We want to thank both you and Mr. Clark for the excellent work you did in handling the *Perene* cargo in such a manner as to avoid claims for the shippers. All our shippers appreciate it very much and give you and Mr. Clark a lot of credit for it.

Amaral. We note Mr. Amaral wants Johnson's shipments only in one set of documents. We will do our very best to accommodate Mr. Amaral in this respect.

We have not yet received a reply to our letter of March 1st inquiring as to what quantities the Combine have bought from outside sources that were shipped from New Brunswick and Prince Edward Island. We hope to hear from you as quickly as you can give us the correct information.

Independent Sales. We note you are trying your very best to have the Combine allow you to make sales to the independents on every ship. This is a very important matter and according to the agreement we made in New York last summer, you will remember that it was agreed that we should sell twenty per cent of all steamers to the independents. In the writer's opinion this is the only possible way you can check Manzer's selling and we hope you will not overlook selling the independents twenty per cent of each and every cargo for the balance of the season, otherwise we are certain that trouble will start because when you don't sell the independents you only make a great big customer for Manzer and make it much easier for Manzer to sell cargo lots, so keep after the independents and book their business or a good part of it, according to our New York agreement.

Your letter 12th instant.

Steamship *John Bakke*. We held this steamer back just as long as we possibly could without paying demurrage and she sailed early Monday morning March 10th and not on the 9th as reported to you by Munson.

We note your remarks about Mr. Barranco, Cuban Consul at Toronto offering a cargo of New Brunswick White Potatoes at \$4 per sack c.i.f. while Mr. Barranco may have sent the cable in good faith he has absolutely no connections in New Brunswick and we do not know where he could get a cargo at a price lower than the market price. Of course anybody who has the money can buy a cargo or any number of cargoes at the market price, but there are only two sources we know of, outside of Southgate, from whom Barranco, the Combine or anyone else could buy in cargo lots, and that is our combination and the McCain combination.

McCain Agreement. McCain, Pirie and Patterson, who are the principal members in the McCain Combination all signed an agreement with us, the substance of this agreement is that McCain Combination ship two boats out of seven and we ship five boats out of seven, so we do not see any good in the Combine negotiating with Manzer as to the quantities shipped by either combination. We have already fixed this matter up here and fixed it in writing and I would very strong suggest that the Combine leave Manzer absolutely alone, so far as quantities are concerned. We know that Manzer is not satisfied with this agreement, but so long as we can hold the McCain combination to this agreement, Manzer cannot help himself and will have to be satisfied with whatever quantity the McCain combination ship.



Barrels. We note your remarks about not being able to sell barrels at the present time. We trust, however, you will watch the situation very closely and when the opportunity presents itself that you will give us orders for the largest quantity of barrels possible.

Your second letter 12th instant. We note your Debit Note for \$5, \$8 and \$7 1/2 respectively and are giving you credit for these amounts on our account. Thanks very kindly for giving these matters your best attention.

Yours very truly,

GGP.PMJ.

GUY G. PORTER CO., LTD.

J. SURIS & CO.

HABANA, CUBA, March 27, 1924

MESSRS. GUY G. PORTER CO. LTD.,  
Perth, N.B.

DEAR SIR,—

*Re Moore McCormack Co. Inc.*

At the request of these gentlemen who are interested in some of our charters from St. John, we beg to address you, to inquire the possibilities of giving them some of our cargoes from St. John.

We know there is a difference pending from last year business, in connection with a claim, but we would like to see you reach some kind of settlement to renew our business relations with them.

We have watched carefully the discharge and handling of their potato cargoes, and must say in their behalf that their service in connection with facilities time and treatment is as good as the best one.

We would like indeed to see you give them a share of our potato business, after settling the small differential to the best of all concerned.

Awaiting your good news we remain.

Very truly yours,

(Sgd.) J. SURIS & CO.

*Confidential*

DEAR GUY,—I have given a copy of the above letter to the Havana Office at their request to try to renew our business relations, providing they make some kind of settlement about the old claim pending.

My only idea is to make them settle their claim *so disregard the above contents*.

I was also obliged to write this letter, because I get great deal of our information about Manzer's sailings from one of the officers and could not deny his request.

Yours sincerely,

(Sgd.) PACO.

J. SURIS & CO.

HABANA, CUBA, March 27, 1924.

MESSRS. GUY G. PORTER CO. LTD.,  
Perth, N.B.

DEAR SIR,—*Re* sailing 0405 our wire 24225 yours 17124: We were having trouble with the damage on the *Munplace* and *John Bakke*. Your wire came in with the proposition of a \$3.90 price for the above sailing providing no claim was made on above boats. Following your suggestion and after a long interview with Palacio and Armand, they decided to guaranty any claims on above boats, closing the cargo at \$3.90 and you mailing the difference to meet those claims. We found this the best way out, because if we mention the \$3.90 price to the members of the combine, then they would be asking confirmation of the \$3.90 price besides payment of the claims. By placing the thing in the hands of Palacio Armand, they would do the best to avoid claims, and we were able to settle all pending matters. No doubt they will be making a little in this deal, but we thought best to your advantage. On the 1,320 sacks we had to pay already about 104 sacks, and expect to pay some claims on the *John Bakke*. We are paying this for their account, and when we receive the difference of 10 cents from you on the cargo, we will reimburse the amount paid and turn the balance to them. It is therefore understood cargo will be invoiced and collected at \$4 cif.

*Independents*: We are glad to inform you that following our suggestions, we have succeeded in making the combine allow us to sell to the leading independents in order to block Manzer. We expect this way to leave Manzer out.

*Manzer's Sailing 30th*: When everything was going along in good shape, and we were expected a good finish of season, news came of Manzer sailing on the 30th, notwithstanding the agreement signed between your combination and Manzer shippers (McCains combination). Every thing is now spoiled again and the combine is absolutely disgusted. They obliged us to send you two strong wires, and besides Palacio cabled you. We cannot under-

stand this acting, and regret it because it means our failure and yours in the new plans. We are awaiting your news to be able to explain Palacio and Armand.

*John Bakke*: We exhausted every effort to make the combine pay \$4 for this cargo, but it was entirely impossible. Market had been at the equivalent of \$3.50 and \$3.75 cif. for the last three weeks, and we could not oblige the combine to pay \$4 cif. and sell at \$3.50 and \$3.75 cif.

*1,320 Sacks Consignment "Munplace"*: Palacio has called our attention to the fact that you claim that the above lot was sold to independents. You know it was sent by you in consignment, and it remained on the dock because we could not get at the time any better offer than \$3.50 cif. and we expected to sell at much better price, thing potatoes would keep, but to our surprise they rotted very fast. We cannot therefore blame the combine but simply the market conditions at the time. We renew our request not to send any consignment unless suggested by us.

Very truly yours,

(Sgd.) J. SURIS & CO.

April 3, 1924.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

DEAR SIRS,—Replying to your two letters of 27th ultimo. Thanks for information as regards Manzer's shippers paying 70c. freight on the ss. *Pluto*.

We note that Southgate sold 2,500 sacks to the Combine at \$3.50 c.i.f. from their shipments on the ss. *Suzanne Maersk*. Thanks for this information.

We are sorry to note that Hatfield's and Johnson's barrels on the *Adolf* are showing bad damage and that the loss will probably be heavy. We know however, that you will do the best possible for them.

We note your remarks in connection with the shipment of 375 sacks to Figuerola on the *Adolf* and note also that under the circumstances, you paid a part of the loss from your own pocket. We understand now that an arrangement has been made so that you can get your money back and we are, in a few days sending you statements covering shipments of goods sold and forwarded on the ss. *Hauskjell* along with American checks amounting to ten cents per package on these shipments. We understand these funds are to be used fixing up all claims to date and understand you are to get your money back from this source.

Thanks for the Mann Lyttle Company confirmation covering sale of 500 sacks White potatoes to Palacio at \$4.15 per sack c.i.f. Havana for shipment from Boston about March 30th. We note very carefully your remarks and thank you for the information. We note however, that McCarthy shipped Spaulding Rose instead of White stock and received payment on the basis of \$4.25 per bag duty paid.

Re your second letter of the 27th ultimo. We note the arrangement made about settling all claims on the *Munplace* and *John Bakke* cargoes. We think this is a good arrangement to clean up all differences to date and we hope you get paid back for any claims you have had to pay on the Figuerola lots or any other lots. As soon as we get in the checks from our shippers along with the statements we will forward everything to you, so that you can carry out your arrangements as suggested.

We are very glad to note that the Combine is now allowing you to make liberal sales to the leading independent dealers in order to make more difficult Manzer's sale of full cargo lots. We think this is the best way to secure the largest volume of business bought.

McCain Agreement. As we advised you previously all agreements are off. McCain broke the agreement by sailing his ss. *Stal* out of turn. It was the fourth boat which belonged to us. McCain should have shipped the second and fifth steamers and should ship the first, third and fourth, sixth and seventh, but McCain got very ambitious on the strength of encouragement received from Manzer and sailed his boat out of turn, defying us so we simply cancelled the agreement and although McCain consulted us again to-day to try to hold prices, we told McCain frankly that further negotiations were useless, and will have nothing further to do with him. McCain has sold the last two or three boats under our protected price, that is we supposed we working with McCain in good faith and holding the agreement in force. In the meantime McCain sells on the Havana market taking advantage of the protected price and then sails his steamer out of turn. We have decided there is no further use in trying to work with McCain as we find him unreliable and a man who is not willing to live up to his word and his agreement.

We note your remarks about the 1320 sacks consigned on the *Munplace* but we understand this lot has all been sold and cleaned up in a satisfactory manner.

We heard a rumour this afternoon that Southgate and the McCain Combination have joined forces, both of these parties being too weak to ship full cargo lots independently, but by joining forces the McCain Combination would probably sell five or six thousand sacks and Southgate would probably ship three or four thousand sacks, making a total of something like eight or ten thousand sacks in order to provide a full cargo and take advantage



of cargo freight rates. This however, is an acknowledgement of weakness on their part and it is just as easy for us to fight Southgate and the McCain Combination combined at this end as it is to fight them individually, we take it for granted it will be just as easy for our friends in Havana to meet this joint competition as it would be to fight them individually. This of course is only a rumour and we will pass along any further information we may receive on this subject.

It is also rumoured that McCain is trying to sell for sailing about the 12th to 15th. We take it for granted you are keeping very close look out in Havana for Manzer's sales and announcements of sailing dates, and that you will keep us posted on anything now that turns up. We will do likewise from this end. In the meantime, we are,

Yours truly,

GUY G. PORTER CO., LTD.

GGP. PJ.

April 7, 1924.

Messrs. ARMANDO ARMAND & SON,  
P.O. Box 388,

Havana, Cuba.

DEAR SIRs,—Replying to your letter of the 29th of March. We have noted with a great deal of interest your remarks on the Sugar situation and the financial condition of Cuba and we think your opinion is about right.

We believe, however, that the potato market in Havana will never be a profitable one so long as Manzer and Southgate figure as important factors in this business. We believe that both Manzer and Southgate are a menace to the potato business of New Brunswick and we are doing our utmost to take most of the business away from them.

With kindest regards,

Yours very truly,

GUY G. PORTER CO., LTD.

GGP. PJ.

J. SURIS & Co.

HABANA, CUBA, April 11, 1924.

Messrs. GUY G. PORTER CO., LTD.,  
Perth, N.B.

DEAR SIRs,—Ever since your written agreement was broken by McCain we have been working to corner Manzer. We have been authorized to sell to the eight leading independent firms. We will also sell to a few of the other left out every time we know Manzer is trying to place a cargo; although they are a few of independents such as: Cebrian, Reboredo, Gwinn and Ruiz which are working very close with him.

Also in order to break his sales we will offer to two or three of his independents ten cents under the price to make him go lower. If those independents buy from us 10c. on 500 to 600 sacks in all will not amount to much.

It may happen that he also use this trick, by offering to our buyers, but it wont hurt us, because we will do it, whenever we have the cargo already closed and signed.

*Cissy Cargo:* We cannot figure out how Manzer had the nerve of placing or better loading this further cargo, when his last boat the *Stal* had 2,000 sacks consigned to him.

*Wagland:* As wired you, this steamer arrived Monday 7th, at 10.15 a.m. By that time there were already rumours of a strike to begin at 5 p.m. the next day, Tuesday. We secured from Munson to commence unloading at once (1 p.m.) and special permits to unload all night as well as haul till 11 p.m. that day. At that rate steamer finished at 4 p.m. the next day, and 5 p.m. there were only 255 sacks left in the dock. Later we were able to haul 205 sacks.

Manzer's boat arrived two days ahead of ours and commenced unloading his 7,800 sacks at the same time, but did not work that night, and when the strike came they had only hauled from the wharf 2,700 sacks and had left 5,100 sacks which up to the present time he has not been able to move, while our customers are selling all their stocks and getting ready for the coming boat on Monday. Even if the strike is on when the steamer arrives we will find some way to unload and haul to dispose of our stocks before Manzers is able to move his *Stal* cargo. You can be sure that we are right on the job and will give Manzer-McCain a run for their money. Although the strike is on potato stocks are still heavy and market has not improved trade selling basis 4.15 to 4.25 c.i.f. We took for your consignment 4.00 which was the best and did not want to take any chances.

Very truly yours,

J. SURIS & CO.

(Sgd.) SURIS.

P.S.—The moment the *Wagland* arrived, we took the collector from the Bank in our car with all the drafts to be sure every one was paid that day, and succeeded.

PACO.

J. SURIS &amp; Co.

HABANA, CUBA, April 14, 1924.

Messrs. GUY G. PORTER, LIMITED,  
Perth, N.B.

DEAR SIRs,—The ss. *Haukefjell* arrived yesterday and was taken to the docks this noon (Monday). During the morning Munson took away from the wharves one of the boats that was unable to unload in order to make space for ours, in view of our earnest promise that we would help them to unload same notwithstanding the strike being in full force, and also our guarantee that we would haul the cargo immediately after unloaded.

The *Haukefjell* started unloading by No. 3 hatch by 2.30 p.m. all our office staff being on the docks to help the unloading until 4.45 a total of 720 bgs. being unloaded and classified during that time. We shall start very early again tomorrow morning to be sure that the steamer is totally unloaded by Wednesday; and we shall then help buyers to haul away their purchases. We want to make sure that the total cargo gets out of the docks before Manzer is able to haul his 5,200 from the ss. *Stal* from Atares wharf. You can be sure that we are doing our utmost to guarantee your cargo to be delivered safely and free of any claim to every consignee.

We have been up against serious difficulties in this work due to the docks not being willing to work, the steamer hands also refusing to help the discharge in view of the pressure of their union.

We confirm our to-day's wire advising that Manzer has finally confirmed to the Combine the sale of his cargo at \$3.60 for 10,000 bgs. sailing 18 to 20th inst. In view of your cable suggestions in connection with this cargo we have done our best possible to tigh Manzer up with this sale, complying with your instructions, but by so doing we have shut ourselves of a further cargo for that date, and hope you will give us some compensation for this in view of the extra work that we are up against, as well as our work in connection with the ss. *Wagland* and what we are doing on the ss. *Haukefjell*.

We confirm our to-day's wire advising you that we had previously booked to three independents members of Manzer group 600 bgs. at the price of \$3.85 for a sailing around 18 to 20th with the intention of shutting out a further cargo from Manzer for that date. This orders were booked as follows: 200Fco Erviti; 200 to Pinan & Co. and 200 to R. Suarez & Co. and now we are in a bad position as regards to the filling of such orders inasmuch as the 18/20th cargo has been bought from Manzer but we want you to fill this order on your further sailing about 28th to 30th at above named price. We want to mention that to mislead Manzer. Erviti's order was bought at \$3.75 contract having been drawn at \$3.85 the difference of \$20—having been paid by us cash.

We also offered Gwin and Fernando Lorenzo at \$3.60 to make Manzer come down to that price both parties being very closely connected with Manzer and were sure they would give Manzer this information although they would not buy from us. We figure out now that for this reason Manzer offered the Combine at \$3.60 and is now in a hole for confirming at this price. We are giving you all this information so that you may know and realize what we have to do at this end in order to block Manzer's activities.

The strike continues and the prospects are that it will last at least the entire week and if we are able to haul away the *Haukefjell* cargo. Manzer will have his *Cissy* cargo piled up on top of the *Stal* (5,200 bags) which is still lying at Atares wharf.

Although our office force will continue working on the docks in the discharge we keep in communication with the office as well as with buyers and Manzer's movements, in order to keep you posted. Shall keep you posted to the minute.

Yours very truly,

(Sgd.) J. SURIS &amp; CO.

Messrs. HATFIELD & Co.,  
Hartland, N.B.

April 25, 1924.

DEAR SIRs,—Replying to your letter of the 24th instant in connection with statement covering Havana shipments up to January 1, 1924.

As I understand the agreement the s.s. *San Bruno* would pay a commission the same as the other boats. This cargo, you will recall, was sold f.o.b. Halifax although we made drafts on our Havana friends in practically the same manner as the other steamers which we sold, basis c.i.f. Havana, but whether the sale is made f.o.b. Halifax or c.i.f. Havana makes no difference in so far as the commission is concerned, because section one of our agreement with our Havana friends reads as follows:—

"That all potatoes bought from New Brunswick and Prince Edward Island either directly or indirectly be purchased from the said Porter, Hatfield, Gallagher Companies and their associates in consideration of which they are to be refunded 10 cents per sack on monthly settlements on the following basis, on less than three cargoes monthly no rebate. Three cargoes and over, the above rebate of 10 cents per package to apply."

As we interpret the *San Bruno* would pay the usual commission.



Re s.s. *Arnold Maersk* ex St. John, N.B., December 13, 1923. We cannot find anything in our records to indicate that this steamer does not pay a commission and have charged all shippers with the commission on this boat. We might mention that according to our records the s.s. *Lisbeth* is the only steamer which does not pay a commission. This steamer having been sold at a net price with the expressed understanding that no commission was to be allowed on this cargo. We therefore return your statement herewith for further comment. If we are not correct in our understanding will you kindly point out each error by return mail and oblige,

Yours truly,

GUY G. PORTER CO. LTD.

Copy to C. E. Gallagher Co.,  
Bath, N.B.  
GGP.PJ.

J. SURIS & CO.

HABANA, CUBA, May 23, 1924.

ANS.GGP.

Messrs. GUY G. PORTER Co. LTD.,  
Perth, N.B.

*Re 650 Sacks Consignment ex s.s. Ada Gorthon*

DEAR SIRs,—We confirm our cables exchanged, and now beg to inform you that all our efforts have been entirely useless, as to get them pay at the rate of \$4.50 per sack.

Did not cable you again, informing you of this, because there was no use continue arguing by wire, when we had not chance to get the \$4.50.

In fact we were about to retail them at \$4.50 among the independents, when the combine saw the manifest published in the papers, took notice of the consignments and demanded the delivery of documents to them at \$4 per sack.

We took strong stand, informed them of your instructions to sell at \$4.50 and refused to deliver the document, but they took such an attitude and menaced to discontinue further purchases from you this season, that we felt to your advantage to deliver the documents to them, as requested.

They argued that they never authorized any consignments of their cargoes, and that they did not want a single potato package shipped in excess to what they ordered.

Palacio and Armand called me confidentially and explained that the whole thing was started by Amaral, Perez and Varela, and there was no way to get out. They explained further that you could not insist on your demand, because in the agreement signed in New York, it was understood that, the overage on sales to those outside of the combine was to the benefit of them (Palacio and Armand) and that you had no reasons to make such demands.

We then explained that you did it to recover some of the losses sustained on previous consignments, but they insisted that in this case, they could not help us out, in view of the stand taken by Amaral and Perez, who menaced to drop out. They explained also that those two had been kicking of our late purchases were they paid you \$4 sack while Manzer was asking \$3.90.

You can be sure that we exhausted every effort to make them part from their attitude and pay the \$4.50 but it was entirely useless.

We hope you will realize our position, and approve of our action.

Yours very truly,

(Sgd.) J. SURIS & CO.

July 8, 1924.

Messrs. J. SURIS & Co.,  
P.O. Box 2549,  
Havana, Cuba.

DEAR SIRs,—Referring to your cable of June 27, No. 33519, in which you state that Palacio is inquiring when the writer is sailing for Europe and when he expects to return, also stating that Armand is inquiring when rebate check will be mailed.

In reference to the writer going to Europe. We have been tied up in a law-suit since June 17 in Boston with the United Fruit Company and court has been adjourned to July 30. We will all have to go to Boston on July 30 to finish up the trial and this looks very much as though the writer will not be able to make his trip to Europe as planned.

In regard to Armand inquiring when rebate checks will be mailed. We think it would be much better for us to make settlement and hand over the rebate checks when our friends come to New York or when they come to New Brunswick, which ever they find most convenient. We are collecting the money from the different shippers and expect to have every

thing ready for our meeting in New York or for our meeting in New Brunswick when our friends come north.

You also make reference in your cable, that Palacio suggests that we hold McCain down until our friends come north and arrange a meeting to discuss next seasons plans. We will try to do this, and hope Palacio, Armand and Suris will be able to arrange matters so that they can all come north together, so that we can arrange a meeting or a series of meetings to discuss plans for next seasons business.

Yours very truly,

GUY G. PORTER CO. LTD.

GGP.PJ.

October 6, 1924.

Mr. FRANCISCO SURIS,  
J. Suris & Co.,  
P.O. Box 2549, Havana, Cuba.

DEAR PACO,—We have your letter of the 1st instant from New York enclosing copy of telegram sent by McCain to Armand on the 1st instant, reading as follows: "Pirie did ship Bliss we have not sold any Bliss don't worry about Pirie all bluff when he pays his bills will consider him as shipper again." We note the above and thank you for the information. We might mention that the McCain group had a meeting at Florenceville on the evening of the 3rd instant, at this meeting matters came to a breaking point and Pirie and Patterson withdrew from the Combination. Both Pirie and Patterson have notified us that they have withdrawn from the Combination and that they intend to form a third group, which they can very easily do. I therefore thought it best to Palacio advising him of the situation and we therefore cabled Palacio on the evening of the 4th instant as follows: "McCain group broken by Pirie and Patterson being frozen out by reduced allotments they are working on formation third combination stop we assume your St. John agreement was with McCain group as constituted at that time we suggest notifying McCain that unless his group maintains original personnel and allotment your agreement with them is void and their allotment reduced by amount of Pirie and Patterson proportions namely four ninths this suggestion made to avoid irreparable rupture."

We are doing everything we possibly can to avoid a rupture of the arrangements we made with Palacio and Armand, but we can see that McCain is forcing Pirie out. Last season their allotments were arranged as follows:—

McCain.. . . .	2/9
Patterson.. . . .	2/9
Pirie.. . . .	2/9
Chip Phillips.. . . .	1/9
Tom Nodden.. . . .	1/9
H. Phillips.. . . .	1/9

and this is the way percentages stood when McCain and his group made their arrangements with Palacio and Armand in St. John. At the meeting Friday night in Florenceville McCain announced allotments as follows:—

	Per cent
McCain.. . . .	30
Patterson.. . . .	15
C. Phillips.. . . .	15
T. Nodden.. . . .	15
H. Phillips.. . . .	12½
Fred Pirie.. . . .	12½

so you see how Pirie's allotment has been cut down and Patterson's has been cut down, whereas the Woodstock men, namely, C. Phillips, T. Nodden, H. Phillips have been increased in their percentage. This of course was not satisfactory to Pirie and Patterson and this is what broke up their group. As we said before we are doing everything within our power to hold the group together and carry out our arrangements with Palacio and Armand, but if Pirie and Patterson withdraw from the McCain group, as both of these men told us on Saturday, this means that a third Combination will be formed by Pirie and Patterson, which will make matters very bad both in New Brunswick and in Havana, as Pirie and Patterson have more money than McCain, Phillips, Phillips and Nodden and they will certainly enter into a very bitter fight. We thought it was best to advise Palacio the true situation at this end, and if he has any suggestions to make we shall be very glad to hear from him. We saw this break coming two weeks ago and advised Palacio when he first returned to New York, but he expressed every confidence in McCain and we hope he will find a way to avoid the trouble, which now appears to be very certain to come about within the next few days.

As we see the situation the only thing that can prevent a rupture is for Palacio to cable McCain, that when the agreement was made in St John, it was understood that the



personnel and allotments of the McCain group were to remain as they were last year, and if this is not carried out, then the only thing we can see is for Palacio to give Pirie and Patterson four-ninths of the business and give the balance of the McCain group five-ninths of the business and Pirie and Patterson could either ship on the McCain boats or could make some arrangement with us to ship on our boats, but it looks to us as though the pressure would have to come from Havana, either from Palacio or through Manzer. These are only suggestions and we are only writing with the idea of keeping you posted on the situation at this end. If there is any other way to avoid this rupture in the McCain group we shall be very happy to have suggestions from Palacio or yourself.

Yours very truly,

GUY G. PORTER CO. LTD.

GGP.PJ.

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### J. SURIS AND COMPANY

HABANA, CUBA, October 19, 1924.

Messrs. GUY G. PORTER COMPANY, LIMITED,  
Perth, New Brunswick.

DEAR SIRs,—Refer to your wire 2716 in connection with the ss. *Eidsbotten*. We cabled you right back explaining why we were not able to select a better wharf. The best wharves, as you know, are White Fleet and Munson, but neither one would give space to outside boats. Then Ward is the next most suitable, but they were absolutely congested at the time with five steamer unloading and would not take additional cargo. There were only left San Francisco and Machina, both under the control of the Port of Havana Docks. San Francisco was at the time less congested than Machina, so there was nothing left but to discharge at that wharf. Steamers could not work but two hands at the beginning as there was no room to place all the different marks. It was lucky that we got the consignees to clear the papers at once and commence loading immediately upon discharge. Then bad weather came and the discharge was upsetted. On Thursday morning a cyclone was announced and all steamers were ordered to leave the dock and anchor at Bay. In the afternoon the cyclone had not yet come, and such companies that operate their own wharves such as United Fruit, Munson and Ward, took their chances and brought their steamers back to dock for discharge. All the other steamers were not allowed to dock until Friday afternoon, but it was all the time raining heavy and the discharge was impossible. From Friday afternoon to Saturday noon only about 2,000 sacks were discharged. There is still on board about 5,000 packages, and we are doing our best for a quick discharge. We were planning to work Saturday afternoon, and were about to pay half of the extra expenses with the steamers consignees, but it rained heavy all afternoon and there was no chance.

We felt bad on getting your said wire with those complaints, but we want you to feel we were doing our best in this connection, although must admit that we did not keep you closely posted.

We have been requested by several buyers to demand from all shippers to put especial mark on the bags consigned to each buyer, in order that they may be able to demand their marks from the steamship company, and avoid friction with other buyers having the same shipper, as it has happened with this last steamer.

As regards outside sales from independent shippers to independent buyers, we cannot do anything to stop it, inasmuch as the combine would not let either ourselves or Manzer to sell to independent buyers. They claim a better advantage fighting them upon arrival.

(Confidential): We have not heard anything more during the last week about Pirie and McCain controversy. We feel the matter will have to be settled from your end inasmuch as Manzer does not take any interest, and seems to be absolutely on McCain side. He has expressed to me his own opinion that it is all Pirie's fault, who is not steady shipper but simply ships when the market is good and decline when the market is bad. At the last meeting we had with Palacio, Manzer, Damiers and the writer, we did our best to arrange, but Palacio suggested that 18 per cent should be given to Pirie and no more, and he was backed by Manzer and Damiers, so there was nothing for us to do, although we did our best to bring it up to 20 per cent allotment. We hope everything has already been settled by this time, so that we may be able to fight only Estey and Smith, Ltd. By the way, should Pirie McCain controversy is not settled why not suggesting to McCain to take in Estey and Smith? McCain will have then to shippers lest, Pirie and Bohan.

As regards Palacio he is not helping us by no means this year, as he did last year; as a matter of fact we have to be very careful with him, and do not care to place any confidence on him presently.

By the way, remember when cabling anything special, do not put it on the official wire. Last year we gave Palacio only but copies of the cables, and were able to fix the

wording to suit them, but this year they demand always to original wires. He is afraid we are hiding something from him.

*Map of the "Boston & Maine," N.Y., New Haven and Hartford & Maine Central.* We have seen at Manzer's office a map given away by these companies showing clearly Maine and New Brunswick, down to New York. It would be very useful to us to have a copy here, and we would trouble you to secure a copy for us, charging us for any expenses incurred in this connection.

Very truly yours,

(Sgd.) J. SURÍS & CO.

## APPENDIX No. 7

### ACCOUNTANT'S REPORT

OTTAWA, ONT., May 27, 1925.

HARRY HEREFORD, ESQ.,  
Registrar, Combines Investigation Act,  
Department of Labour, Ottawa, Ont.

DEAR SIR,—In accordance with your instructions I have completed an examination of the books and records of the various New Brunswick potato shippers enumerated by you, and beg to report thereon as follows:

On July 14, 1920, the Guy G. Porter Co., Ltd., Perth, N.B., was incorporated under a provincial charter with authorized capital of \$299,900 and paid-up capital stock of \$202,700, taking over the assets and liabilities of the Porter-Manzer Co. for a consideration of \$100,000. In reality, no new capital was introduced into the business, the shareholders of the Porter-Manzer Co. receiving a pro rata distribution of shares in the Guy G. Porter Co. Ltd. To offset the increase in capital stock a proportionate increase was made in the valuation of the two accounts "Real Estate" and "Contracts Receivable," the first being inflated from \$44,650 to \$115,852.83 or an increase of over 159 per cent, and the second showed an opening entry on the books of the Guy G. Porter Co. Ltd. of \$32,878.81. No records of the Porter-Manzer Co. were available to compare the closing inventory of "Contracts Receivable," but it was admitted by Mr. L. A. Hutcheon, Vice-President of the Guy G. Porter Co. Ltd., that the account was then thought to have latent possibilities, and similarly treated by inflation. The artificial value placed upon these two accounts tends to show the company was over-capitalized at its inception. Financial statements submitted for the seasons 1920-21 and 1921-22 show deficits of \$16,549.36 and \$48,600 respectively, but from my examination of the books of the firm I find this is not strictly correct. These deficits would have the effect of showing a loss for the two seasons' operations of \$65,149.36, whereas the actual loss was \$48,600, a difference of \$16,549.36. The loss of \$16,549.36 in 1920-21 might have been treated in one of the following ways: the Capital Stock of the company could have been reduced, or an Impaired Capital account opened for the loss. Instead, part of the deficit amounting to \$12,549.36 was closed into "Contracts Receivable," and the balance of \$4,000 closed into a "Reserve for Havana Claims." The next season 1921-22 showed a deficit of \$48,600, but as this loss included the deficit of \$16,549.36 in 1920-21, the actual combined loss for the two seasons' trading was \$48,600, and at the end of 1921-22 the Capital Stock of the company was reduced by this amount from \$202,700 to \$154,100. In 1922-23 another deficit of \$4,842.32 was incurred, and the first earnings of the company took place in the following year when a profit of \$3,159.48 was made. Summarizing the records of the firm since its inception, a total net deficit appears for the four seasons' trading of \$50,282.84, but this loss would be offset when allowance is made for excessive amounts written off various accounts each year for depreciation, etc., and other expenses charged against the business which from a strict accounting standpoint could be questioned. I have reviewed the history of the Guy G. Porter Co. at greater length by reason of the firm doing a potato shipping business exclusively, and while no dividends have been paid on the capital investment, the gross sales of the company for the last complete operating season of 1923-24 showed a percentage increase of 40 per cent over 1920-21, and was the largest volume of gross sales in the history of the firm.

The Hatfield Co. Ltd., Hartland, N.B., carry on a general business in addition to the potato shipping business, handling many lines including lumber, fertilizer, hay, oats, etc., and from an examination of their records no segregation can be shown of profits made exclusively from potato business, excepting for the season 1923-24 when the net profits on potatoes were \$1,848.02 out of total net earnings of \$8,094.20 for all business. In the comparative statement shown the net profits are for all departments of the business.

The firm of C. E. Gallagher Co., Bath, N.B., are general traders on similar lines to the Hatfield Co. Ltd., with the addition of a country store business, the custom of which



is mostly derived from the potato growers in the Bath district who are debited for food-stuffs, fertilizer, etc. bought, and credited with the price of any commodity delivered to the firm. Records are very poorly kept, and while repeated requests have been made to the company for certain statements relevant to the enquiry to be submitted, so far these requests would seem to have been ignored. A statement of approximate net profits on potato business was obtained from Mr. G. F. Gallagher verbally, and while these cannot be substantiated by any available records, they compare very favourably with the other two shippers.

A comparative statement is shown hereunder which will be amplified when additional records are received from the Hatfield Co., Ltd., and C. E. Gallagher Co.

	Guy G. Porter Co. Ltd.	Hatfield Co. Ltd.	C. E. Gallagher Co.
	\$ cts.	\$ cts.	\$ cts.
1920-21—			
Capital Stock.....	202,700 00		
Gross Sales.....	509,593 52		
Purchases.....	310,223 96		
Inland Freight.....	91,423 30	97,132 92	
Ocean Freight and Duty.....	118,139 74	24,806 01	
Damage Claims and Rebates.....		11,441 98	
Net Profits or Deficits.....	*16,549 36	10,073 83	Nil
1921-22..			
Capital Stock.....	202,700 00		
Gross Sales.....	583,240 70		
Purchases.....	337,756 98		
Inland Freight.....	116,804 24	167,285 18	
Ocean Freight and Duty.....	120,511 45	66,332 48	
Damage Claims and Rebates.....	20,070 08	14,855 27	
Net Profits or Deficits.....	*48,600 00	1,382 51	*2,000 00
1922-23—			
Capital Stock.....	154,100 00	49,500 00	
Gross Sales.....	615,178 24		
Purchases.....	419,302 10	220,811 71	
Inland Freight.....	89,853 24	91,307 06	
Ocean Freight and Duty.....	52,211 90	37,897 37	
Damage Claims and Rebates.....	6,873 07	1,772 70	
Net Profits or Deficits.....	*4,848 32	6,745 22	15,125 00
1923-24—			
Capital Stock.....	154,100 00	49,500 00	
Gross Sales.....	723,487 52		
Purchases.....	445,109 38	311,808 05	
Inland Freight.....	131,358 29	75,116 65	
Ocean Freight and Duty.....	92,143 13	58,349 36	
Damage Claims and Rebates.....	9,761 23	697 00	2,482 45
Net Profits.....	3,159 48	8,094 20	11,252 00

\*Deficit.

#### DESPATCH MONEY AND OVERAGES ON FREIGHT SHIPMENTS

A source of income for the Porter, Hatfield and Gallagher firms was despatch money earned on ships chartered jointly by them, and overages on freight collected by the Furness, Withy Co. from competitors of the three firms and other members of their group who shipped stock on the ships so chartered. At the close of each season the Furness, Withy Co. settled the amount standing on their books to the credit of the three shippers, and the following amounts were refunded by the Furness, Withy Co. in the respective seasons:—

	Guy G. Porter Co. Ltd.	Hatfield Co. Ltd.	C. E. Gallagher Co.
	\$ cts.	\$ cts.	\$ cts.
Season 1921-22.....	2,237 16	2,237 16	2,237 16
Season 1922-23.....	1,270 19	1,270 19	1,270 19
Season 1923-24.....	1,103 13	1,103 13	1,103 13

As the "Overage a/c" was closed into "Despatch a/c" on the books of the Furness, Withy Co. and the cheques remitted by them to the shippers were, therefore, for the combined totals of the two accounts, no distribution could be shown of what the shippers actually received for Despatch Money or Overages.

## PRICES RECEIVED BY GROWER AND PRICES RECEIVED BY SHIPPER IN CUBA

An endeavour has been made to accurately determine the spread between the prices received by growers on any certain date, and the amount realized by shippers on the Cuban market for the particular stock bought on that date. It has, however, been found impossible to accomplish this by reason of the following variations entering into the prices paid growers:—

- (a) Shippers may purchase weeks before potatoes are delivered to warehouse, in which case the price on the date of delivery will be out of line with the price paid by the warehouse on that date, and this mixed stock may possibly comprise the next earload shipped for export to Cuba.
- (b) There is a differential price on varieties of stock.
- (c) Various prices are paid for different grades of stock.

In connection with (b) and (c) numerous examples of this nature can be shown from the records of shippers, and a specific case in point is that at Grand Falls on September 28, 1923, where two shippers paid thirteen different prices ranging from 1.50 to 3.00 per barrel.

- (d) Potatoes are taken
  - (1) On contract.
  - (2) For store bills.
  - (3) For fertilizer bills.

In (2) and (3) fictitious high prices may appear on records.

## CLAIMS AND REBATES

Complying with your further instructions to report on Claims and Rebates paid by the various shippers, I have made an examination of the available evidence in this connection, compared statements submitted by the shippers, and so far as it was practicable endeavoured to reconcile same. The evidence given and statements submitted have, however, been found to be so conflicting that it was deemed advisable to discontinue the examination, pending further explanations from shippers. No useful purpose could be served in accepting the statements submitted in the light of available evidence given under oath, as the two were found to be at variance as the following example will show:—

*Evidence of Guy G. Porter, March 9, 1925, Page 1603*

Q. How much was that?—A. \$25,000.

Q. And that covered what you have been calling the commissions or rebates?—

A. That covered commissions, rebates, claims on the season's shipments from boat to boat, differences on seed stock and in the price of the table stock, and a great many claims like that.

Q. Was it all paid to one firm—the \$25,000?—A. I think the cheque was made payable to J. A. Palacio and Company.

Q. That was for the year 1923-24?—A. That covered the previous season's business ending in July or August, 1924.

Q. How many firms was that account distributed between?—A. Six.

Q. That is, six contributed to make up the \$25,000?—A. Yes.

From the evidence it will be inferred a lump sum of \$25,000 was paid by six shippers on a pro-rata basis to offset all commissions, claims and rebates on Cuban business, and in final settlement thereof. It was discovered, however, from the books of the Guy G. Porter Co. an additional payment of \$3,067.91 was made later to the J. A. Palacio Co. on commission account, so therefore the firm's commissions to the Palacio Co. could not have been included in their share of the \$25,000. Again, the Hatfield Co's. share or proportion of the \$25,000 would be nearer \$4,000, compared with the amount of \$697 shown on the statement submitted by this firm.

## PORTER-HATFIELD-GALLAGHER CO., WEST ST. JOHN

The Porter-Hatfield-Gallagher Co. was formed in 1921 for the express purpose of facilitating the handling of potato shipments, effecting economies in management, and lowering operating costs at the port of West St. John for the three shippers. In short, the company acts as a clearing house, receiving stock in bulk from potato warehouses, sacking, barrelling and reconditioning same preparatory to export. A few outside shippers are allowed to take advantage of these facilities, and pay the same "terminal charges" as the Porter, Hatfield and Gallagher firms, but the earnings derived from the business are made mostly at the expense of the three shippers who contribute the bulk of the company's business. The first earnings on any season's operations were made in 1923-24 when a profit was shown by the statement submitted of \$1,754.47, but an examination of the company's books revealed the actual earnings as \$6,254.47, the balance of \$4,500 being distributed in amounts of \$1,500 each as salaries to Messrs Porter, Hatfield and Gallagher. The profits of the Porter-Hatfield-



Gallagher Co. in 1923-24 are significant of the three shippers being overcharged, but with the huge volume of business handled, the difference could be safely estimated at less than 2 cents per package. This is mentioned in view of the fact that the Porter-Hatfield-Gallagher Co. is a separate entity, and any earnings of the company are not shown on the books of the respective shippers.

Yours faithfully,

H. S. DAGG,

*Accountant.*

## APPENDIX No. 8

### CABLES AND TELEGRAMS FROM THE FILES OF GUY G. PORTER CO., LTD., PERTH, N.B., *RE* THE STRUGGLE FOR BUSINESS IN CUBA.

#### NOTE

Cables addressed Portmosco, Perth are from Suris, Havana, to Porter, Perth.  
Cables addressed Portmosco, Havana, are from Porter, Perth, to Suris, Havana.  
Cables addressed Portclark, Havana, are from Porter, Perth, to R. N. Clark, Havana.  
Cables addressed Portclark, Perth, are from R. N. Clark, Havana, to Porter, Perth.

The figures which occur in some cables refer either to the serial number and date, for instance "0715" means "cable No. 7 of the fifteenth"; or to sailing dates, for instance "sailing 1113" means "sailing eleventh to thirteenth." The word "untrustworthy" used in some cables is the code designation for Palacio.

HAVANA, September 14th, 1923.

PORTMOSCO,  
Perth, N.B.

Confidential bliss seed Manzer sold as reported but understand has no more to offer buyers now holding back but think will buy your price later wire me as follows rush bliss sales market active stocks limited Manzer sold too low can sell here to-day freely basis 5.50 c. i. f. Havana.

PERTH, N.B., September 15, 1923.

PORTMOSCO,  
Havana.

0715 rush bliss sales market active stock limited Manzer sold too low can sell here to-day freely basis 5.50 c.i.f. Havana.

HAVANA, September 17, 1923.

PORTMOSCO,  
Perth, N.B.

1516 confidential Manzer has report Estey tying up with Southgate. Boston sailing 21 cancelled Young sold Maine by New York this week 5.00 Canadian stock 5.10.

PERTH, September 19, 1923.

PORTMOSCO,  
Havana.

Understand Manzer quoting sacks 4.25 and trying to arrange with White fleet full cargo sailing from St. John October 5th in view this competition offer sacks 4.00 terserolas 4.25 sailing 2829 subject prompt acceptance suggest selling independents liberal share of cargo at small margin to block Manzer sale also suggest Palacio Armand endeavour block United Fruit supplying competitors with steamers.

HAVANA, September 21, 1923.

PORTMOSCO,  
Perth, N.B.

2321 yours 1520 1621 sold combine 8000 sacks four dollar 200 terserolas 4.25 sailing 2829 ship besides same sailing 2000 bliss barrels confirm cabling distribution later. Keep me posted Southgate Manzer movements your end.

St. JOHN, N.B., September 22, 1923.

PORTMOSCO,  
Havana.

Asator delayed account heavy rain will sail Monday understand Manzer's option United Fruit steamer ex St. John October 5th expires to-day have no information that Manzer has booked steamer although Damers here endeavouring organize shippers supply cargo rumored that Southgate representing United Fruit of Kentucky in Havana advise Palacio Armand to try block Manzer's Southgate's sales to independent.

---

HAVANA, September 24, 1923.

PORTMOSCO,  
Perth, N.B.

2824 Palacio Armand ourselves consider necessary settlement or arrangement United Fruit otherwise competition might mean twice amount of claim do utmost advise.

---

PERTH, October 1, 1923.

PORTMOSCO,  
Havana.

2901 2528 2628 3739 arranging shipments and sailings as suggested do utmost book cargo to-day sailing 1113 3.50 to block Manzer and close charter explain to combine this price five cents below cost and we want their co-operation at this time Southgate has approximately 3000 terserolas 2000 sacks, St. John Manzer's shippers have approximately 5000 sacks under preparation Glendoyle sailing this afternoon delayed account rain.

---

PERTH, October 2, 1923.

PORTMOSCO,  
Havana.

3102 yours 3902 sorry cannot accept 3.40 book at 3.50 refer ours 2910 under present arrangements we do not expect combine try buy from us below cost Manzer's shippers practically tied up with cargo on their hands and will be unable to operate unless combine gives Manzer support we expect co-operation from combine to meet Manzer Southgate competition this end.

---

PERTH, October 3rd, 1923.

PORTMOSCO,  
Havana.

3203 3802 4002 4203 confirm combine 7500 sacks 3.50 sailing 1113 please thank Palacio Armand for their support and co-operation in fighting Manzer Southgate competition tracing Armand documents Asator will do utmost to sail steamers Friday and Saturday each week Manzer's shippers and Southgate's activities decreasing this end.

---

HAVANA, October 5, 1923.

PORTMOSCO,  
Perth, N.B.

4705 due refusal combine Manzer selling now independents 3.28 losing control necessary you make price 3.25 1112 combine calling meeting to arrange plans fight Manzer urge reply strongly recommend supporting combine.

---

St. JOHN, October 5th, 1923.

PALACIO,  
Havana.

Answering Armand Palacio cable we appreciate your position as buying committee and want to co-operate with you so that you can control your end. 3.55 c.i.f. is actual cost cargo now assembling St. John for sailing 12th as reported however we suggest you abandon our commission ten cents and we both abandon steamship commission ten cents this steamer only and we will make price 3.25 c.i.f. as difference Manzer's price only represents amount we are handicapped by our arrangements. Regret delay replying account my visit here. Reply Perth.

---

PORTER.

HAVANA, October 6, 1923.

PORTER,  
Perth, N.B.

Answering try hard steamer 12th sailing 10th or earlier also steamer 5th sailing to-morrow or Monday. Manzer cabled his shippers to-night cancelling last instructions and ordering



ship 3000 barrels your to-morrows boat. Bill steamer 12th 3.50. Our combination held meeting to-day and after big struggle against us they decided buy Manzer 6000 sacks shipment 12th 3.28 to prevent his selling independents this price we were fooling him during last two days giving him hopes of getting our order but his shippers advised him we had bought from you which made him mad and broke with Palacio Armand this morning and he called on each member of our combination explaining we were cheating him and some our combination offered give him support therefore we must work very carefully avoid losing control Manzer said he will sell cheaper than you at all times you ought to block his shippers avoid their offering lower than you. Will need another cargo 18th 20th but must certainly make very lower price as we expect lost 50 cents or more per sack compete Southgate and Boston quote full cargo terserolas shipment about 20th advise if Southgate loading any boat St. John.

ARMAND.

St. JOHN, October 5, 1923.

PALACIO,  
Havana.

Manzer cabled his shippers not deliver 3000 bliss our steamer *Varg* to-morrow our steamer short cargo to sail Saturday in view Manzer withdrawal cable instructions Perth quick. Understand Manzer trying sell independents cargo along with his bliss suggest you selling independents full requirements cheap to block Manzer.

PORTER.

PERTH, October 6, 1923.

PORTMOSCO,  
Havana.

3406 yours 4404 4504 4605 4705 4806 *Varg* sailed five o'clock Saturday afternoon 7170 sacks 2294 Bliss approximately 2700 Manzer Bliss next steamer *Anna Sofia* expected to arrive St. John 11th sailing 12th will rush all possible requesting shippers bill Armand and Palacio mailing documents direct in future tracing Armand documents yours 4705 matter already arranged with Palacio Armand direct who report have already bought Manzer's cargo 3.28.

PERTH, N.B., October 7, 1923.

ARMAND,  
Havana.

*Varg* sailed five o'clock Saturday afternoon thanks for information your cable will co-operate heartily to meet situation will quote early next week terserolas sacks sailing 18th 20th Southgate has approximately 3000 terserolas 1000 sacks St. John but understand no sailing booked doing utmost to block. Regarding 6000 sacks bought from Manzer shipment 12th we suggest you instruct Manzer forward these via our steamer *Anna Sofia* sailing 12th we will charge Manzer's shippers 95 cent rate and split freight overage with you on Manzer's portion this cargo *Anna Sofia* 1845 tons net could safely store 20,000 packages will pay half of overage Manzer's portion to whoever you designate advise Palacio and cable quickly your wishes.

PORTER.

HAVANA, October 8, 1923.

PORTMOSCO,  
Perth, N.B.

Will try Manzer ship 6000 and some Bliss your boat but fear he will object account he figuring rate 85 however we will not tell him anything about rate meantime you wire us quickly what rate did Manzer shippers pay for 3000 Bliss ship on *Varg* what rate are you paying Munson Palacio all informed.

ARMAND.

PERTH, October 8, 1923.

ARMAND,  
Havana.

Answering paying Munson 75 cents net charging our shippers 85 cents charged Manzer's shippers 95 cents *Varg* have placed half freight overage your credit as per arrangement with Munson do utmost force Manzer forward everything our steamers to secure freight overage Manzer's shipments and retain control movement rates etc. dividing with you may be possible charge all shippers 95 cent rate in near future pooling overage all ocean freights and

dividing with you equally will take full advantage general situation collecting maximum rate this basis Munson advises tonnage scarce think this opportune time to advance rates and control shipments will patronize white fleet boats same basis as soon claims settled advise Palacio and cable if this arrangement satisfactory.

PORTER.

HAVANA, October 11, 1923.

PORTER,  
Perth, N.B.

Confidentially your price 20 cents too high absolutely necessary you make now sacrifice you wanted make also cargo bought. Keep this strictly confidential and wire me if willing make price sacks 3.45 terserolas 3.75 will not want boat until 2224 necessary fight now as competitor struggling hard get control off Palacio myself he is trying get Bowman Perez Amaral support who are more inclined to them than to you rush answer.

ARMAND.

PERTH, October 12, 1923.

ARMAND,  
Havana.

We promise co-operation calling meeting to-morrow to discuss situation will cable fully Saturday night meantime ask Suris cable how many sacks terserolas required sailing 1820.

PORTER.

HAVANA, October 13, 1923.

PORTER,  
Perth, N.B.

Impossible wait Saturday night as competitor has price since yesterday but only known by Palacio Armand have not even told Suris as all these information must be kept among Porter Armand Palacio avoid losing future informations suggest you wire Suris full rate Saturday morning price sacks 3.45 terserolas 3.75 and if possible we will instruct you bill higher in this case over charge will be yours only. We holding competitors avoid others know his price but impossible hold him after Saturday morning will need about 5000 each sacks terserolas rush answer.

PALACIO ARMAND.

PERTH, October 13, 1923.

PORTMOSCO,  
Havana.

4013 sacks 3.45 terserolas 3.75 1820.

HAVANA, October 13, 1923.

PORTMOSCO,  
Perth, N.B.

5413 ship by Anna Sofia 3000 terserolas six lots of 500 3.75 invoice at 4.00 consigned Suris confirm.

PERTH, October 13, 1923.

PORTMOSCO,  
Havana.

4113 5413 will forward Anna Sofia largest quantity terserolas possible probably fifteen hundred two thousand 3.75 notice short will do utmost advising.

HAVANA, October, 12, 1923.

PORTMOSCO,  
Perth, N.B.

5613 Confidential ours 5513 overage on terserolas your favor to correspond difference price sacks.

PERTH, N.B., Oct. 15, 1923.

ARMAND,  
Havana.

Answering latest Palacio Armand cable we cabled Suris Saturday morning quoting sacks 3.45 terserolas 3.75 as you requested and have received Suris cable with order sacks



3.45 terserolas 3.95 sailings 1820 and 2527. In view support given us by Palacio and yourself we will confirm these two cargoes as submitted taking overage on these two steamers for our account and will not disturb our rebate arrangement with you or Munson commission pooling arrangement please get Suris sell independents full requirements giving us same overage to replace our anticipated profit. If any advantage to you will book further sailing 0103 same basis Manzer's Commercial Scout sailed Saturday night our Anna Sofia arriving to-night loading to-morrow sailing Tuesday night or Wednesday morning Manzer's shippers refuse forward Bliss our sailing 1820 at 95 cent rate we insist Manzer's shippers pay 95 cent rate dividing overage with you advise Palacio and give Manzer instructions.

---

PERTH, N.B., Oct. 15, 1923.

PORTMOSCO,  
Havana.

4315 re ours 4215 both cargoes booked with understanding that all overage these two cargoes for our account. Manzer's shippers refuse forward balance Bliss our sailing 1820 instruct do utmost sell independents full requirements to give us same overage to offset our anticipated profits sailings 1820 2527.

---

HAVANA, October 16, 1923.

PORTER,  
Perth, N.B.

Answering you mistaken we meant you get full overage on combination price that is the 20 cents per terserola that we instructed you to bill higher than Manzer's price but all other arrangements such as overage on independents rebate arrangement and steamer remain as agreed don't know as will book next cargo now as Bowman Perez Amaral insisting buying more from Manzer better wait a few days will see that Manzer ship Bliss first boat otherwise will cancel.

ARMAND

---

HAVANA, October 16, 1923

PORTER,  
Perth, N.B.

Manzer says shippers insist paying only 85 cent rate we think you should accept this rate on the balance about 1600 barrels prevent Manzer try sell cargo to compete with his Bliss of course those shipped on Varg remain at 95 answer. He trying get United Fruit boat sailing 26th to load at Halifax with terserolas prevent our sailing from Boston avoid this competition as our Boston boats bring over 5000 sacks would you be willing substitute sacks for the 4000 terserolas bought for 2527 billing sacks 3.45 we recommend this in behalf of further business.

PALACIO ARMAND

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PERTH, October 17, 1923

PALACIO,  
Havana.

Palacio Armand cable must insist Manzer's shippers pay 95 rate have taken decided stand and have already advised them to this effect cannot allow Manzer's shippers to fix their own rate on our boats we split freight overage Manzer's shipments with you therefore you could pay Manzer ten cents more if necessary to secure same results. Differential price terserolas sacks 35 cents will substitute 4000 sacks sailing 2527 3.60 if requested quickly.

PORTER.

---

HAVANA, October 18, 1923

PORTER,  
Perth, N.B.

Manzer ordering ship Bliss 95 cent freight to-morrow will wire about change sacks for tierces.

PALACIO.

---

PERTH, October 17, 1923.

DEBLOIS BROS., LTD.,  
Charlottetown, P.E.I.

Referring our letter *re* working in combination with us again this season heard rumours that you have made arrangements to work with Southgate hope this is not correct and that

you will work with us again along with other three members of your combination kindly wire advising.

GUY G. PORTER CO., LIMITED.

CHARLOTTETOWN, P.E.I., October 18, 1923.

GUY G. PORTER Co., LTD.,  
Perth, N.B.

Replying no intention working with Southgate or anyone else we are filling one small boat for 3,000 sacks for another party which completes our operations in Havana this year would gladly work with former combination but as business proposition cannot see anything in it when profits are divided between two combinations particularly when capital is supplied by our combination entirely writing.

DEBLOIS BROS., LIMITED.

HAVANA, October 18, 1923.

PORTMOSCO, Perth, N.B.

5818 consign selling 1820 a thousand sacks 500 terserolas in lots 250 each order notify bank our name not to show manifest or papers draft Suris 3.45 3.95 invoices 3.75 4.25 confirm writing. Wire terserolas shipped *Anna Sofia* also if any consignments.

HAVANA, October 19, 1923.

PORTMOSCO, Perth, N.B.

5919 combine commenced fight kill Southgate competition from start selling to-day basis sacks 3.50 terserolas 3.75 c.i.f. forcing further drop view expected steamer to-morrow from Halifax demands your co-operation now substituting 4000 terserolas for sacks at 3.45 sailing 2527 to fight Southgate cargo same date recommend change to support Armand Palacio uphill fight against Manzer some members combine backing him. 2527 sailing bought by Armand Palacio without consulting to leave out Manzer now working wild against us view impossibility quote on 2527 cargo rush answer.

HAVANA, October 20, 1923.

PORTMOSCO, Perth, N.B.

4720 combine disgusted you shipping only 593 terserolas *Anna Sofia* instead of 3000 ours 5413 promised yours 4113. Unless you are prepared to meet orders and book charters as instructed forsee failure and Manzer's success again.

PERTH, October 24, 1923.

PORTMOSCO, Havana.

5824 Armand cables Manzer trying get his shippers quote 3.15 this thirty cents below cost try assist Armand Palacio buy cargo from Manzer 3.15 will send you decoy cables to assist if requested but expect Palacio Armand to return favour buying our cargoes as quoted which practicaly represent cost consult Palacio Armand treat confidentially.

HAVANA, October 24, 1923.

PORTMOSCO, Perth, N.B.

6324 combine fighting Southgate Manzer to death retailing to-day equivalent 3.25 sacks 3.50 terserolas announcing future decline. Manzer notified combine he will confine sales to independents selling them cargo to-day 3.40 small quantity 3.35 large quantity sailing November 4th. Combine wants now your co-operation help fight discourage competition from beginning. Rush price cargo 30-01 suggest 3.25 if possible. Your attitude now will decide future business rush also lowest possible price Charlottetown cargo 0507. Don't delay answer.

HAVANA, October 25, 1923.

PORTMOSCO, Perth, N.B.

6625 rush confirmation 6525. Confidential wire rock bottom price further cargo sailing 0608 with ten per cent No. 2 potatoes mixed. Rush enough stock terserolas St. John for future deliveries will use them throughout season. *Anna Sofia* arrived discharging to-night. Invoice all consignments 25 cents above price draw for cargo price. Be ready for action supporting combine's desperate fight against Manzer Southgate.

PERTH, October 25, 1923.

R. E. MUTCH & Co., Charlottetown, P.E.I.

Differential price sacks barrels too great better ship full cargo sacks doing utmost secure first boat earliest date possible will advise success later meantime go ahead buy second cargo



net to exceed 1.70 per sack ship-side Charlottetown will arrange for second steamer to sail from Charlottetown seven to ten days after first sailing. We are offered few thousand sacks 180 pounds net each Canada grade A whites and reds 1.70 per sack delivered Charlottetown by November fifth for export do you advise that we buy them for our joint account or shall we leave them alone. Will wire you earliest moment possible re sailing date first steamer.

GUY G. PORTER CO., LIMITED.

GUY G. PORTER CO., LTD.,  
Perth, N.B.

CHARLOTTETOWN, P.E.I., October 25, 1923.

Replying you would not assist but rather complicate matters by doing any buying here. Have situation well in hand and if no disturbing outside influence hope to reduce price of second cargo below 1.70. Kindly advise who is offering this may help us in handling situation. Rush date first steamer will arrive should have second steamer here 12th to avoid danger frost.

R. E. MUTCH & CO.

R. E. MUTCH & Co.,  
Charlottetown, P.E.I.

PERTH, October 25, 1923.

Kennedy Bros., Kensington, quoted us 1.70 sack delivered Charlottetown have wired them we can't use and will not do any buying on island to disturb your arrangements. Will do utmost to have first steamer Charlottetown earliest date possible and will wire advising. Recommend loading second cargo in protected cars so that in case of severe cold snap or unavoidable delay in second sailing cargo would be safe from frost will do utmost to have second sailing one week after first sailing.

GUY G. PORTER CO., LTD.

PORTMOSCO,  
Havana.

PERTH, N.B., October 26, 1923.

5526 ours 5426 suggest combine buy cheap cargo ex Charlottetown sailing 0608 sacks 3.45 as quoted ours 5124 to fight Southgate Manzer. In order to check Southgate's buying activities P.E.I. we have secured option two cargoes Island reds sailing 0608 1215 offer both cargoes sacks 3.45 subject quick acceptance think these only two cargoes offering from Charlottetown this fall must work fast to check Southgate and control Island shipments.

HAVANA, October 31, 1923.

PORTMOSCO,  
Perth, N.B.

7431 all consignments Haderslav sold 3.45 impossible do better due Manzer's intrigue buyers refusing pay one cent above combine price instruct and collect accordingly. Had to reduce Carcas lot same reason avoiding rejection notify Hatfield. Market held low fighting Southgate stocks showing already signs decay. Rush answer 7129 7230 combine complaining delay. Book Carcas 300 sacks 3.45 3001.

Sent 2.30 p.m.

PERTH, N.B., November 2, 1923.

CLT. PALACIO,  
Havana.

Southgate apparently discouraged here regarding second cargo. We bought thousand sacks from Southgate to-day apparently Southgate disposing of stock intended for second sailing advise continue give Southgate hard competition your end and force him withdraw from Havana market.

PORTER.

Received at 9 a.m., November 3, 1923.

HAVANA, November 2, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

7702 Combine insist sailing ex St. John 0609 or earlier with 10,500 sacks 3.45 2,500 barrels 3.80 to fight Manzer Southgate steamers about same date advise quickly recommend acceptance. Combine also willing take additional cargo Charlottetown sailing 0811 at 3.35 this best possible due fact red stock sells here 3040 cents below white please confirm.

Expect close future cargo Charlottetown wire sailing date. Southgate using argument against combine that N. Brunswick terserolas short weight combine request future barrels well filled. Be sure send St. John cargo out first.

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Received 9 a.m., November 3, 1923.

HAVANA, November 2, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

7802 Confidential Palacio wants know if you could offer if necessary cargo terserolas ex Halifax about 2324 Nova Scotia stock his charter based on 85 cents freight.

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Sent at 3.50 p.m.

PERTH, N.B., November 3, 1923.

CLT. PORTMOSCO,  
Havana.

6403 7702 Cannot accept 3.45 sacks 3.80 barrels St. John only sailing 0609 cannot replace cargo this price market higher as predicted. Charlottetown refuses 3.35. If quick reply fast cable will book three cargoes sacks 3.45 c.i.f. Charlottetown sailings 1214 1921 St. John sailings 0809 differential price barrels 40 cents higher could furnish few barrels St. John sailing only. We consider this exceptionally liberal offer and good value these cargoes cannot be duplicated at this price. If combine refuses to accept three cargoes offered cancel this offer and quote sacks 3.65 barrels 4.05 St. John sailing 0809 quote Charlottetown sailing 1214 sacks 3.45. We are using same sized barrels as Southgate. Yours 7302 working will advise later cannot confirm cargo list completed. Tonjer loading sailing later. Manzer's Invernia loading sailing to-night. Southgate Nordvang expected arrive this afternoon.

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Received at 9 a.m., November 5, 1923.

HAVANA, November 4, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

8104 ours 8004 absolutely necessary Tonjer arrival Havana before Invernia to fight Manzer. Yours 6403 consulted Palacio only member available to-day Sunday Palacio ready accept three cargoes 3.45 one St. John two Charlottetown calling meeting to-morrow early to recommend purchases. Meantime wants you rush utmost St. John sailing 0808 with 10500 sacks 2500 barrels do utmost reporting further to-morrow. If Munson unable furnish steamers in time please use other lines.

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Received at 8.22 p.m.

HAVANA, November 5, 1923.

PORTMOSCO,  
Perth, N.B.

8405 Manzer offering independents 3.40 1516 necessary you boost market protect sales.

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Received at 9 a.m. November 6, 1923.

HAVANA, November 5, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

8505 yours 6505 sold combine further cargo St. John 3.45 change sailings as follows St. John 0809 Chtown 1214 St. John 2022 Chtown 2628 confirm. Ours 8405 Manzer offering independents 3.40 sailing 1516 combine don't know this offer. Necessary you boost N. Brunswick market check Manzer and protect above cargo purchased fear otherwise losing combine's support entirely. Cannot explain Manzer's ability secure better price and exact sailings. Wire sailing Tonjer also details manifest Invernia.

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Sent at 11.35 a.m.

PERTH, N.B., November 6, 1923.

CLT. PORTMOSCO,  
Havana.

6906 8505 sorry cannot confirm further cargo St. John 3.45 sailing 2022 this price below cost. Recommend combine buy Manzer's cargo 3.40 sailing 1516 to use stock held in storage by Manzer shippers can then advance buying price preventing Manzer shippers offering further low prices. If combine want our St. John sailing 1516 answer fast as steamer not yet booked option expiring to-night. Ours 6505 steamers already fixed cannot change best can possibly do cable quickly confirming sailing dates.



Received at 9 a.m., November 7, 1923.

HAVANA, November 6, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

8606 Combine unable sell over 6,000 Bliss still at hand due outport business very poor cannot buy one single barrel of the 3600 shipped excess by Asator doing best reporting.

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Received at 9 a.m., November 7, 1923.

HAVANA, November 6, 1923.

CLT. PORTCLARK,  
Perth, N.B.

Combination holding 5,000 barrels Bliss on dock beginning to show damage reported holding 1,000 more in warehouse would advise against holding Bliss stock on Asator on dock over one week as weather very hot.

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Received at 9 a.m., November 8, 1923.

HAVANA, November 7, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

9007 Manzer asking Armand Palacio for bid 3.45 cargo sailing 2021 both refused business dealings with Manzer but want your combine increase control your end. Absolutely impossible sell Bliss wire lowest limit to work.

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Received at 9 a.m., November 8, 1923.

HAVANA, November 7, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

8807 yours 6906 cannot buy Manzer cargo sold independents 3.40 combine need 1819 cargo St. John to fight Manzer independents purchase but cannot pay more 3.45 do your utmost confirm. Book Carcas 500 St. John 0809 500 Chtown 1214 3.45 confirm. Rush 0809 sailing.

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Sent at 8.05 p.m.

PERTH, N.B., November 8, 1923.

CLT. PORTMOSCO,  
Havana.

7108 8707 8807 8907 9007 9108 sorry cannot confirm Carcas 500 St. John 0809 too late cargo list completed sailing early to-morrow confirm Carcas 500 Chtown 1214 3.45. No whites Charlottetown all reds. Doing utmost increase control here advancing price to farmers to prevent Manzer shippers procuring further low priced stock. Recommend Palaio Armand buy Manzer cargo 3.45 sailing 2021 Manzer shippers cannot confirm without loss. If immediate reply offer cargo St John sailing 1620 sacks 3.65 barrels 4.05 this offer made subject being able secure steamer our option steamer sailing 1517 expired steamers scarce hard to secure at short notice. Ours 6906 confirm sailing dates. Confirm 2500 barrels 3.85 sailing 0809.

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Received at 9 a.m., November 14, 1923.

HAVANA, November 13, 1923

CLT. PORTMOSCO,  
Perth, N.B.

9513 wire news Chtown 1214 sailing also Manzer cargo 15 16 independents.

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Received at 9 a.m., November 14, 1923.

HAVANA, November 13, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

9413 Invernia arrived Sunday Combine wild delay Tonjer cannot fight Manzer cargo.

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Sent at 11.33 a.m.

PERTH, November 14, 1923.

CLT. PORTMOSCO,  
Havana.

7314 9413 9513 9613 Ubbergen loading Charlottetown sailing to-night or to-morrow. Manzer's Winnicoe expected load Friday sailing Saturday. Confirm Carcas 500 sacks

3.45 Charlottetown 1921. Offer cargo sailing 2224 sacks 3.65 barrels 4.05 think can furnish any portion sacks or barrels required but must have quick answer to secure steamer and prepare cargo.

Received at 9 a.m. November 15, 1923.

HAVANA, November 14, 1923.

Cl. PORTMOSCO,  
Perth, N.B.

9714 Nordham arrived this morning no news Tonjer combine wild steamer *Jacob Maersk* reported loading potatoes Chtown wire immediately who charter and consignees. Urge news Ubbergen Chtown sailing 1214.

Received at 9 a.m. November 15, 1923.

HAVANA, November 14, 1923.

Cl. PORTER.

Perth, N.B.

Delay Tonjer causing trouble Invernina arrived Sunday. Nordhav arrived this morning necessary our steamer sail in time big complaints other members.

ARMAND PALACIO.

Sent at 2.20 p.m.

PERTH, N.B., November 15, 1923.

Cl. PORTMOSCO,  
Havana.

7515 9714 Ubbergen sailing ex Chtown this afternoon. *Jacob Maersk* our steamer arriving Charlottetown 17 expect sail 2021. Have no steamer booked sailing next week absolutely necessary combine purchase ten days previous to sailing date otherwise impossible secure steamers sailing on time. Southgate's schooner 'Harry McLellan' sailing to-day.

Received at 9 a.m. November 16, 1923.

HAVANA, November 15, 1923.

Cl. PORTMOSCO,  
Perth, N.B.

9816 combine declines schooner offer claims too many barrels bought this month including 10,000 from Virginia 4.00 and 4.05 c.i.f. prefer postpone further purchases barrels. Can you pack barrels sack top Virginia style wire price understand much cheaper. Nordhav Southgate unloading showing no damage. Wire exact time sailing Ubbergen, Winnicome McLellan rush news *Jacob Maersk*. Yours 7314 combine selling 3.90 delivered equivalent 3.20 c.i.f. fearing paying 3.65 sailing 2224 loss too heavy want you name very lowest.

Sent at 11.30 a.m.

PERTH, N.B., November 16, 1923.

Cl. PORTMOSCO,  
Havana.

7616 9816 can pack barrels sack top Virginia style but no cheaper and transportation more difficult. Ubbergen sailed six o'clock this morning. Winnicome arrived yesterday loading expected sail Saturday. Prices quoted lowest possible sailing when steamer available. Southgate withdrawing buyers in country apparently discouraged.

Received at 9 a.m.

HAVANA, 123 November 16, 1923.

Cl. PORTER,

Perth, N.B.

Your price would figure too high we selling sacks here basis 3.20 c.i.f. and don't expect raise these prices balance year probably will sell lower. We need your help as we chartered United Fruit boat and now find Nova Scotia shippers have shipped consignment five schooners which enables us buy more terserolas we request you ship immediately 11,000 sacks to Halifax connect fruit boat sailing 24th and bill them 2.70 f.o.b. steamer Halifax if you do this it will certainly cause very good impression among our members who are very discouraged account Manzer's hard competition and will help considerably for future business answer quick fast cable as we must answer Fruit Line before noon Saturday.

ARMAND PALACIO.



Sent at 11.53 a.m.

PERTH, N.B., November 17, 1923.

PALACIO,  
Havana.

Cannot accept Halifax bid but will sacrifice our position to help you offer sacks 2.80 barrels 3.20 f.o.b. White Fleet St. John answer fast.

PORTER.

Received at 2.10 p.m.

HAVANA, November 17, 1923.

PORTER,  
Perth, N.B.

Accepted 7,000 sacks 2.80 f.o.b. steamer at Halifax ship at once to reach steamer on time. Divide proportion as you know for combine.

Received at 9.25 a.m.

HAVANA, November 19, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

9918 Muncove arrived discharging Monday. 40,000 sacks 42,000 barrels expected here during next two weeks besides stock aggregating 14,000 sacks 30,000 barrels local prices delivered to-day 3.90 sacks 4.40 barrels combine fear buying higher than 3.45 sacks but feel sure will need cargo sacks sailing 2830 recommend booking steamer prepare 10,000 sacks cargo advise.

Sent at 5.30 p.m.

PERTH, N.B., November 20, 1923.

CLT. PORTMOSCO,  
Havana

7820 10019 3.65 sacks 4.05 barrels absolute cost but to assist combine fight Southgate Manzer will book subject immediate acceptance cargo sacks 3.50 terserolas 3.90 sailing 3002.

Received at 9 a.m. November 21, 1923.

HAVANA, November 20, 1923.

CLT. PORTMOSCO,  
Perth, N.B.

10120 combine wants next sailing 0406 quote best 10,000 sacks. Shall we draw contracts 7,000 via Halifax f.o.b. or c.i.f. terms advise. Southgate retailing 3.85 sacks 4.25 barrels delivered their Havana stocks aggregating about 1,000 barrels 3,000 sacks not counting out-port consignments estimate their loss so far over \$25,000.

Received at 9 a.m. November 22, 1923.

HAVANA, November 21, 1925.

CLT. PORTMOSCO,  
Perth, N.B.

10321 Manzer selling for 3.40 first week December necessary name best to sell independents 3.35 if possible. Local market very weak further decline expected.

PERTH, N.B., November 22, 1923.

CLT. PORTMOSCO,  
Havana.

7922 10120 10221 10321 offer cargo sailing 0305 sacks 3.45 barrels 3.85 must have immediate acceptance arrange steamer and prepare cargo this price shows big loss but making sacrifice to assist combine fight Manzer Southgate competition.

Sent at 2.20 p.m.

PERTH, N.B., November 22, 1923.

CLT. PALACIO,  
Havana.

Have cabled Suris quoting cargo sailing 0305 sacks 3.45 barrels 3.85 this price 20 cents below actual cost but making this sacrifice to assist you fighting competition you can now sell independents sacks 3.35 without loss to you recommend booking large cargo and selling freely independents to prevent Manzer selling full cargo.

Havana, November 24, 1923.

PORTMOSCO,  
Perth, N.B.

10523 Manzer selling freely 3.40 among independents fifty bags up claims sold already five thousand can't check his activities independents at 3.45. Combine declines 3.45 refuses bidding market oversupplied. Advise Hatfield's percentage Ch'town cargoes.

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PERTH, N.B. November 24, 1923.

PALACIO,  
Havana.

Have cabled Suris offering cargo 0305 3.25 net to us. Manzer's shippers have chartered steamer and understand about half sold we recommend make strenuous effort sell independents 3.25 and try hard secure cancellation orders placed with Manzer this would leave Manzer's shippers with cargo unsold we believe this method only way discourage Manzer's shippers and strongly recommend you act as suggested. We making big sacrifice as believe this opportune time eliminate Manzer Southgate competition.

PORTER.

PERTH, N.B. November 24, 1923.

PORTMOSCO,  
Havana.

8224 ours 8124 yours 10523 offer cargo sailing 0305 3.25 net to us no rebate Manzer's shippers have steamer chartered and understand only half sold recommend do utmost sell large percentage independents and secure cancellation their orders placed with Manzer consult Armand Palacio urge work fast check Manzer activities independents must have immediate reply to secure steamer Hatfield third Ch'town cargoes.

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Havana, 32, November 25, 1923.

PORTMOSCO,  
Perth, N.B.

10625 will close cargo Monday delay sailing if possible two days yourselves 8224 think have cornered Manzer about two thousand sold independents reporting further. Trade retailing 3.75 90 sacks.

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Havana, November 27, 1923.

PORTMOSCO,  
Perth, N.B.

10827 book F. Garcia Company 1100 Carcas 600 Lopez Company 600 sacks 3.25 Echavarri 350 Otero sacks 3.30 sailing 0305 further orders to-morrow confirm. Manzer claims Southgate selling their New Brunswick stock retiring advise. Manzer view failure threatens combine to recommend C.P.R. sailing out St. John wire possibilities.

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PERTH, N.B., November 27, 1923.

PORTMARTI,  
Santiago de Cuba.

Confidential understand competitors quoting 4.25 do utmost book largest volume possible 4.00 before competitors equalize our price.

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PERTH, N.B., November 28, 1923.

PORTMOSCO, Havana.

8328 10625 10726 10827 confirm Garcia 1100 Carcas 600 Lopez 600 3.25 Echavarri 350 Otero 300 sacks 3.30 sailing 0305. Southgate's activities apparently diminishing New Brunswick. Understand Southgate loading small steamer this week at Montague and Charlotte-town approximately half barrels half sacks. Manzer's steamer expected St. John Saturday. Consider Manzer's recommendation C.P.R. sailing ridiculous no possibility whatever. Above confirmation subject balance cargo being sold 3.25 our next steamer *Lisbeth* sailing 0305.

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Havana, November 28, 1923.

PORTMOSCO, Perth, N.B.

10928 book M. Soto Company 250 sacks 3.25 Perdu Figuerola 550 3.25 two lots 300 250 separate drafts documents will cable orders later. Manzer making strong campaign his boat sailing third ours should come ahead advise news.



PORTMOSCO, Havana.

PERTH, N.B., November 29, 1923.

8429 10928 confirm Soto 250 Figuerola 550 sacks 3.25 confirmation subject sale balance cargo 3.25. Manzer's shippers frantic over late developments cable quantity Manzer has sold his sailing do utmost prevent sale balance cargo will rush *Lisbeth* all possible.

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PORTMOSCO, Perth, N.B.

HAVANA, November 29, 1923.

11229 ours 11129 Manzer approaching Perez intercede other members combine arrange understanding finish fight Palacio Armand strongly opposing any arrangement think this best chance finish him absolutely necessary sailing *Lisbeth* 10,000 sacks ahead Manzer's boat working further orders independents will place balance combine do utmost rush *Lisbeth* advise also arrival sailing Manzer's boat.

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PORTMOSCO, Havana.

PERTH, N.B., November 30, 1923.

8630 McCain reports sold 4000 3.45 4,000 3.40 2,000 3.25 if this correct urge every effort force price entire Manzer cargo 3.45 or cancel have advices that white fleet steamer *San Benito* booked ex Halifax 14th ascertain if for combine or Southgate.

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PORTMOSCO, Perth N.B.

HAVANA, 46, November 30, 1923.

11430 ours 11330 combine additional 1000 sacks 3.25 four lots 250 consigned Suris. Palacio request confidential your opinion market prospects your end also very best price further cargo about 0810 rush utmost *Lisbeth*. Confidential Southgate also requesting understanding to finish fight.

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PORTMOSCO, Havana.

PERTH, December 4, 1923.

9004 Southgate has no cargo available for shipment 1012 consider quotation submitted by Bowman fictitious advise combine we are willing meet competition and even quote lower than competitors when other cargoes are being offered for shipment on parallel dates but expect price cargo 1012 to equal cost therefore renew offer sacks 3.45 barrels 3.85 immediate acceptance.

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PORTMOSCO, Perth, N.B.

HAVANA, December 5, 1923.

11805 Cannot sell barrels market flooded confidential combine paid 3.50 last two Chase schooners understand two more Chase schooners afloat unsold combine bidding much lower. Don't let Palacio know we cabled this information. Yours 9004 Southgate Bowman offer 3.25 for Chtown cargo now afloat white stock guaranteed same quality New Brunswick stock Manzer canvassing independents with 3.40 price. Combine decline consider 3.45 Palacio Armand think 3.35 may be considered. Local market continues below cost. Rush decision to work independents.

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PORTMOSCO, Havana.

PERTH, December 6, 1923.

9106 11805 11905 view conditions sell cargo sailing 1012 sacks 3.35 barrels 3.75 and recommend heavy sales independents to check Manzer competition. Shipping additional 500 *Lisbeth*. Insist Amaral Carcas draft Maersk be paid.

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PORTMOSCO, Perth, N.B.

HAVANA, December 6, 1923.

12206 Manzer offered combine firm cargo 1214 3.20 also canvassing independents same price bragging being ready to fight and able to under-quote you due your large stocks but higher prices Amarals rejections being part his intrigues doing utmost check him. Palacio Armand claims fight won if you cable check him present month await instructions necessary quick decision to check his propaganda among independents.

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HAVANA, December 7, 1923.

PORTMOSCO, Perth, N.B.

12207 yours 8207 to-day holiday will canvass independents early to-morrow 3.20 sailing 1012. Palacio Armand insist rebate included 3.20 price claims rebate only inducement hold-

ing combine together fear consequences otherwise. Yours 9106 after strenuous efforts Amaral promised pay San Bruno lot to-morrow will continue efforts Maersk lot but can't act too strong to avoid Amaral siding with Manzer. Delay *Lisbeth* again defeats our campaign against Manzer disgusted at useless efforts.

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PERTH, December 8, 1923.

PORTMOSCO, Havana.

9408 12207 12307 12408 price quoted sacks 3.20 no rebate 3.30 with rebate lowest possible Manzer has no parallel sailing and cannot possibly arrange sailing before 1720. Manzer's shippers have no boat chartered and no stock St. John therefore cannot allow Manzer fix price our sailing 1012. Strongly recommend encourage Manzer start selling cargo independents 3.10 which price represents loss to shippers if we can catch Manzer with cargo half sold this price will meet situation by shipping parallel boat to combine and independents at equal or lower price this arrangement to force Manzer's shippers take serious loss balance their cargo unsold must keep Manzer's shippers operating on this basis in order weaken their position financially. We cannot relieve present by meeting Manzer's low prices but must permit Manzer's shippers continue with independents arranging intrigue to show Manzer's shippers and independents receivers heavy loss on arrival each Manzer boat this only feasible policy force them into submission. You must allow Manzer sell independents approximately half cargo reporting closely to us we will then block sale balance Manzer's cargo by selling combine and independents at lower price. Manzer threatening form new potato exchange here ridiculous we feel confident can meet any competition this end Secure and mail to us any letters or circulars sent out by Manzer theratening to break market or to under-quote or to work free to spoil profits all concerned want this information to show New Brunswick shippers and growers who is causing present low market and unsatisfactory conditions will take matter up with Government Ottawa if you can furnish us with sufficient damaging information over Manzer's signature but must have facts. Has Winnicome cargo been accepted or rejected cable details. *Lisbeth* sailed Saturday noon delayed account heavy rains four days preventing moving.

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HAVANA, 5150, December 10, 1923.

PORTMOSCO,

Perth, N.B.

12510 yours 9408 think best scheme buy from Manzer here your account through secondhand each his sailings about 2500 and re-sell it small lots among independents ten cents less to spoil chances selling balance cargo. If authorized will try buy at once at 3.10 answer quickly.

---

PERTH, N.B., December 11, 1923.

PORTMOSCO,

Havana.

9511 12510 consider your scheme bad as it furnishes customer for 25 per cent Manzer's cargo. Think better work as suggested as our 9408. Understand Manzer chartered steamer sailing 1718 his shippers preparing cargo and Manzer booking orders investigate advise fully. Maersk loading sailing Wednesday night or Thursday morning 11000 sacks 1000 barrels.

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HAVANA, December 12, 1923.

PORTMOSCO,

Perth, N.B.

12711 secured payment Amaral whites San Bruno but impossible reds Amaral Carcas. Combine refuses payment claiming their loss so far Ch'town cargoes over 50 cents sack insist besides having paid 4000 sacks in excess fear pressing them too much just now view Manzer's propaganda. Recommend accepting Palacio's offer ours 12611 urge decision avoiding dock charges. Manzer postponing sailing 2426 quoting 3.15 firm but willing counter offer 3.10 large quantities suggest trying scheme ours 12510 advise. Southgate's stocks aggregating 15,000 barrels besides other 15,000 afloat understand confidential approaching combine willing retire Havana providing they buy their stocks and afloat combine declined.

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PERTH, December 11, 1923.

PORTMOSCO,

Havana.

9611 Manzer's shippers report sold cargo 3.10 sailing 1718 do utmost prevent Manzer selling over 5,000 sacks will put on parallel boat if requested immediately consult Palacio Armand advise quickly.



HAVANA 5156 December 14, 1923.

PORTMOSCO,  
Perth, N.B.

13114 Manzer's boat expected to-morrow ours Sunday doing utmost block him. Think DeBlois Kingsbury 3500 sacks schooner total loss. Southgate stocks about 10,000 barrels poor conditions very 25 per cent damage. Confidential further Chase's schooner arrived unsold understand combine bidding quite low. Southgate continues retailing 3.80 90 delivered equivalent 3.15 c.i.f.

HAVANA 32 December 15, 1923.

PORTMOSCO,  
Perth, N.B.

13215 yours 9814 expect close Maersk 3.30 meantime rush price 2224 to compete with Manzer's sailing 2627 3.20 recommend under-quoting Manzer. Parsons total loss McLellan discharging in good conditions.

PERTH, December 16, 1923.

PORTMOSCO,  
Havana.

9916 13215 13315 not certain when Manzer will have sailing therefore quote sailing 2224 sacks 3.30 barrels 3.70 with understanding that if Manzer has sailing within four days of our sailing will make price 3.00 without rebate to combine providing you sell large quantity to independents to force Manzer's shippers to reduce price their entire cargo to 3.00 consult Palacio Armand if they book cargo this understanding cable fast as no steamer yet chartered.

HAVANA, December 17, 1923.

PORTER,  
Perth, N.B.

Munson advises you wired them freight must be 70 cents with no commission for us we absolutely refuse this because arrangement was made between Munson and ourselves and you should not interfere in our arrangements with Munson. Competitors paying 85 cents rate and you can pay same or less but you ought not to try to reform what we agreed with Munson which was that we get ten cents on all packages from St. John. Notice you used one steamer from outsiders and understand you have credited to us ten cents commission on freight on that boat and expect that you credit us commission on any outsider's boat that you ship. We losing money here on all your shipments owing strong competition which at the end will be more of more benefit to you than to us we have lost independents overage account competition and are working terribly without any positive result hence our insistence getting ten cents commission on freight answer quick. Manzer sold over half cargo sailing 27th and is keeping on selling to complete cargo.

PALACIO ARMAND.

PERTH, N.B., December 18, 1923.

PALACIO,  
Havana.

We will not interfere in any arrangements you have with Munson but in view total shipments this season showing us loss and Manzer Southgate competition forcing us to sell below cost we reserve the right to take advantage of lowest rates available. In order to help Munson to hold this business against competition we have relieved them of paying any further commission to us.

PORTER.

HAVANA, December 19, 1923.

PORTMOSCO,  
Perth, N.B.

13519 Manzer has sold independents 8,000 sacks 3.20 sailing 28 combine held important meeting deciding first definite sailing yours 11018 with additional 10,000 sacks 2426 3.10 additional cargo 3031 10,000 sacks 3.10 authorizing us sell utmost possible independents 3.10 combine guaranteeing sell their share by the cargoes basis 2.60 c.i.f. losing 50 cents package to give Manzer final battle. Claim cannot put Manzer out with ten cents differential but will with 60 cents differential your ten and their fifty urge reply Palacio Armand recommend decision.

PERTH, N.B., December 20, 1923.

PORTMOSCO,

PERTH, N.B.

10120 13519 don't approve selling independents 3.10 sailing 2426 especially in view combine guaranteeing sell their share 2.60 losing 50 cents as this would insure independents rejecting our shipments sold 3.10 and demanding 2.60. Think much better work basis our 9916. Steamer Thorgerd arriving to-morrow will sail 24 quote further sailing 3031 sacks 3.30 barrels 3.70 price 30 cents less without rebate to parallel Manzer's sailing combine deciding which sailing parallels Manzer's sailing reduced price to apply one sailing only cable quick if steamer wanted 3031 as no steamer yet chartered. Arnold Maersk had collision with ocean liner at Newport News understand now in dry dock Newport News but expected to sail for Havana 25 regret this accident which may change plans of combine's strategic operations. Advise if any change in plans and will do utmost to co-operate.

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HAVANA, December 21, 1923.

PORTER,

PERTH, N.B.

Answering you don't answer anything about commission on outsider's boats we insist on getting that commission as we need it. All our associates insist receiving potatoes Munson boat only account much better service and fear of dock congestion approaching which might cause that some outside steamer arrives and find no dock to discharge except Atares wharves where they will not accept any potatoes. Notice in some your cables to Suris you quote with and without rebate. Please understand that according to our New York agreement we are to get rebate on all shipments through the season therefore do not quote any price without rebate.

PALACIO ARMAND.

HAVANA, December 22, 1923.

PORTMOSCO,

PERTH, N.B.

13723 Palacio Armand request not mention rebate question your wires insist rebate agreed throughout season aside from any arrangements this only inducement keeping combine together.

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HAVANA, December 22, 1923.

PORTMOSCO,

PERTH, N.B.

13622 yours 10120 combine intend break market once independent potatoes paid insist on further cargo 3.10 sailing 3031 to keep market down two weeks and discourage further independent purchases. All drafts Lisbeth not paid due Maersk collision advise immediately what extent potatoes damaged.

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PERTH, December 24, 1923.

PORTMOSCO,

Havana.

10424 13622 13723 invoicing Thorgerd 3.10 as requested. Thorgerd showing us big loss but willing make this sacrifice to assist combine fight Manzer's parallel sailing. Can't accept 3.10 further cargo as we are giving Manzer's shippers hard competition this end Manzer's price 3.20 our price 3.30 represents actual cost can't make further sacrifice except when Manzer has parallel sailing will do utmost at such times to co-operate meantime offer further cargo sacks 3.20 barrels 3.70 sailing when required subject steamer available. Have no report Maersk cargo being damaged.

(Cancelled.)

PERTH, N.B., December 24, 1923.

PORTMOSCO,

Havana.

10424 13622 13723 Manzer's Hitherwood docked Saturday and this morning pulled out in harbor empty evidently will not start loading until after Christmas apparently afraid of parallel sailing. Invoicing Thorgerd 3.30 will make 20 cents reduction on Thorgerd or later sailing paralleling Manzer's sailing willing make this sacrifice to assist combine fight Manzer's parallel sailing. Can't accept 3.10 further cargo as we are giving Manzer's shippers hard competition this end. Manzer's price 3.20 our price 3.30 represents actual cost can't make further sacrifice except when Manzer has parallel sailing will do utmost at such times to co-operate meantime offer further cargo sacks 3.30 barrels 3.70 sailing when required subject steamer available. Have no report Maersk cargo being damaged.



PORTMOSCO, Havana.

PERTH, N.B., December 27, 1923.

10627 Manzer's Hitherwood sailed this afternoon. Maersk sailed from Newport News 24. Understand Manzer cabled McCain yesterday he had organized all independent dealers into one big combination and that this independent combination had promised to buy cargo every ten days from Manzer.

PORTMOSCO, Perth, N.B.

HAVANA, January 4, 1924.

14604 book Eschavarri 300 Figuerola 300 Otero 300 sacks Erholm 3.10 consigned order notify bank draft to buyers. 14403 increase combine to 10,000 sacks besides our thousand. Maersk consignees paying charges settling difficulties. Local market down to pieces by combine to check Manzer's steamer expected to-morrow selling 3.50 3.75 delivered.

PORTMOSCO, Havana.

PERTH, N.B., January 6, 1924.

11506 confidential understand Manzer has cabled McCain orders 5,000 sacks 3.20 and trying get McCain accept orders balance cargo 3.10 this price below cost and we prefer allowing Manzer complete sale his cargo before we fix price meantime will prepare cargo sailing 1012.

PORTMOSCO, Perth, N.B.

HAVANA, January 7, 1924.

14907 Maersk embargo lifted all charges potatoes hay paid but could not force payment oats due not included charter party but promised payment by steamer consignees writing. Yours 11305 must ship 10,000 combine also 10,000 ourselves for Palacio writing rush immediate substitute steamer have no potatoes fight Manzer Southgate. Prepare also additional cargo naming price to commence checking Manzer.

PORTMOSCO, Perth, N.B.

HAVANA, January 11, 1924.

15711 combine expecting 1012 sailing as per yours 11506 price even or below Manzer's do not recommend quoting above 3.20. Manzer very active view combines disgust due delay Erholm. Combine have no stock hold market down Southgate selling old stocks good price all work lots. Must work sharp to hold control your delay now quoting 1012 sailing making trouble among combine. Collected barrels 3.30 reds 2.75

PALACIO.

PORTMOSCO, Havana.

PERTH, N.B., January 13, 1924.

11913 offer cargo Sydfold sacks 3.70 barrels 4.10 Sydfold chartered due St. John 12th delayed account storms now New York discharging expected arrive St. John 16th loading 17 sailing 18 this earliest sailing available but think our sailing will be several days ahead Manzer's sailing due some members McCain combination dissatisfied with sale next cargo 3.20 showing big loss and have not yet agreed supply their share. Southgate sold further 500 barrels St. John Saturday only 1200 barrels remain. Market has advanced rapidly selling freely Canadian market same equivalent price subject acceptance Monday.

PORTER, Perth, N.B.

HAVANA, January 14, 1924.

Combine disappointed at your attitude as all us expected your price equal to Manzer 3.20 in view keen competition we have been holding here. You have told in several cables that you are always willing to equalize or beat Manzer's price on parallel sailings and have not for the small buyers here receive small shipments 50 cents below us on about same dates therefore it is absolutely necessary that you bill steamer 18 3.20 and if market higher we are willing accept market price for next sailing 22nd. Answer fast cable.

PORTMOSCO, Perth, N.B.

HAVANA, January 15, 1924.

16115 confidential combine wired you insisting 3.20 suggest splitting difference and demand 3.45. Recommend further charter 2022. Manzer reports his boats sailing to-day. Advise quick.

PERTH, N.B., January 15, 1924.

PALACIO, Havana.

Cargo now afloat at 3.10 should offset Manzer's 3.20 cargo. Will try to arrange differential in price between large and small lots. Market has advanced sharply we are obliged to pay advanced price believe advance will be maintained. Have quoted you same equivalent as selling other market will try to place you in advantageous position in line with other markets. Do utmost to corner stock and force Manzer's shippers to pay greatly advanced price for further supplies see our cable Suris.

PERTH, N.B., January 15, 1924.

PORTMOSCO, Havana.

12015 16014 in view rapid advance market 3.70 sacks 4.10 barrels best possible price Sydfold subject acceptance fast cable. Manzer sale 3.20 big mistake McCain combination having difficulty assembling cargo will not sail before next week have no fear Manzer under-quoting in future as McCain combination stocks depleted and must pay greatly advanced price for further supplies. Cable quickly if more than 10,000 wanted Sydfold. Holding option until Wednesday noon. Further steamers sailing 2224 reply if wanted sacks 3.85 barrels 4.25 show this cable Palacio Armand.

HAVANA, January 15, 1924.

PORTER,

Perth, N.B.

You are mistaken in saying that cargo afloat offsets Manzer's sailing to-day as cargo afloat offset Manzer's last cargo. You must not forget that cargo afloat should have sailed ten days ago. This delay caused us serious inconvenience although we realize you had no control over it. Combine very displeased at your price 3.70 and individual situation is this Bowman says will not accept 3.70 and bought from Boston to-day 4.10 Amaral Perez Varela says if necessary they will pay 3.70 because they are now in your hands but they will immediately make individual arrangements with Manzer for future cargoes Pereda although very disgusted stands by us. Although we do not recommend making price 3.20 we feel and strongly recommend your reducing prices all possible for sailing 18th to please disgusted members otherwise we will not be responsible for what might happen answer fast cable as matter must be settled in the morning. Southgate informed us to-day that he had come to an understanding with Manzer's shippers wire us confidentially if this true and if you think convenient we try make some arrangements with Manzer and if so what percentage should we allow him don't answer this through Suris.

ARMAND PALACIO.

PERTH, N.B., January 16, 1924.

PALACIO,

Havana.

Strictly confidential after Manzer confirmed sale cargo 3.20 we found Manzer's shippers' stocks depleted we advanced price sharply and bought all stock available thereby forcing Manzer's shippers delay their sailing and suffer big loss. By this action we forced Manzer's shippers to make agreement with us on our terms which are as follows McCain must quote Manzer price agreeable to us. McCain and ourselves will make differential in price small lots as follows 250 lots 25 cents higher 500 lots 15 cents higher 750 lots 10 cents higher than base price covering larger quantity we made this arrangement to protect your coverage on independents sales and to force small dealers to pay higher prices than wholesale dealers. Also agreed McCain ship two steamers out of seven we ship five steamers out of seven. Shipping order is as follows Porter combination first third fourth sixth seventh steamers McCain combination second and fifth steamers. Sydfold expected arrive to-night in first sailing on this arrangement Manzer's Essa sailing expected 2122 will be second sailing on this arrangement you can therefore depend on third and fourth sailings before interference from Manzer when McCain quotes Manzer price on fifth steamer we will regulate price therefore suggest you arrange stool pigeon to buy Manzer's steamer sailing next week. Have no fear Manzer making individual arrangement with members of combination as shipments will be regulated according schedule mentioned above. We have made this arrangement believing it best for your combination and ours. Make absolutely no arrangements with Manzer we will endeavour to regulate Manzer's operations from this end. We firmly believe this best arrangement possible to hold business in your hands allowing you to make reasonable profit and allowing us to make reasonable profit and larger returns to our farmers. We depend upon you to keep this strictly confidential telling no one except Armand Suris and Pareda if you think advisable.

PORTER.



PORTER,  
Perth, N.B.

Wire received have all congratulation arrange made facts understand Manzer's steamer expected to sail 2122 if steamer sold 3.20 if not let me know when. Your wire kept strictly confidential understand expect nobody else have to know about arrangement.

PALACIO.

HAVANA, January 11, 1924.

PORTER,  
Perth, N.B.

Confidential presume arrangements McCain hidden from Manzer if not recommend McCain do so important writing.

PALACIO.

HAVANA, January 21, 1924.

PORTER,  
Perth, N.B.

Understand Manzer's shippers will keep on selling full cargoes independents which means same competition and losses here as heretofore and only way avoid this would be our buying Manzer's largest part on all his cargoes wire if this is satisfactory to you with the understanding that we will not pay you anything on what we buy from him. Your \$4.00 price too high Boston sold 4.10 which equals 3.98 for Canadians and you must not forget that Estey is there buying for Southgate at much lower prices we are not submitting your prices to associates because they will surely object buying that price. Will not need next boat until 3rd to 4th see if can delay Manzer's sailing till end week when they load next cargo. Coded cables follows.

ARMAND PALACIO.

HAVANA, January 21, 1924.

PORTER,  
Perth, N.B.

Watch step Southgate intends loading about beginning of February it is rumored that prices c.i.f. 3.40 strictly confidential take immediate action answer A. B. C. code 5th edition.

PALACIO.

PERTH, N.B., January 22, 1924.

PALACIO,  
Havana.

Manzer's shippers will only ship two steamers out of seven. We have no objection you buying largest part Manzer's cargoes. We are agreeable cancel entire New York arrangement if you think advisable, but unwilling cancel rebate arrangement to us only. Market showing further advance will allow \$4.00 price remain open until Wednesday noon then cancel and quote market price later. Boston shippers sold 7,000 upwards sailing 19 4.25 4.50. Southgate has only 7,000 barrels St. John could buy these if you give us orders for few thousand barrels each steamer Southgate active here Estey selling few cars locally to members our combination. Manzer's boat, not expected sail until Saturday our steamer also late will not sail before Saturday Monday account heavy rains. Will watch Southgate closely and will advise you any Southgate activities this end no possible Southgate loading steamer February 1st.

PORTER.

HAVANA, January 22, 1924.

PORTMOSCO,  
Perth, N.B.

17022 Manzer selling firm and confirming independents cargo sailing 30th 4.00.

HAVANA, January 22, 1924.

PORTMOSCO,  
Perth, N.B.

17022 12621 we recommend Leon demand 4.40 barrels because combine only holders potatoes presently. Combine decline buying barrels claiming bought cargo barrels ex Halifax 26th to shut out Boston shipment. Confirm Palacio last night wire recommend watching Southgate closely.

HAVANA, January 22, 1924.

PORTER,

Perth, N.B.

Since Munson reduced rate to 70 cents following your instructions Munson decline keep on paying us any commission in accordance with our New York arrangement made in your presence and with your co-operation but we have been discussing with them our rights and as final answer they say that if you will pay freight 85 they will pay ten cents commission be splitted between Porter and ourselves. This is not right and we can't accept it as we are fighting here and losing money all the time without any benefit to us but to your shippers and the only attraction or inducement that we had to maintain this fight was because we expected to recover some part of our loss by getting the ten cents on the rates. Therefore we request you that in view arrangements you made with Manzer's shippers which are enabling you to make money you agree to pay Munson 80 cents not 85 as they want and don't ask them for any commission for you so that we get the whole ten cents and be it understood that you will pay us same commission on any outside boat you charter this being our final decision we trust you will accept it in view of the tremendous work we have been doing and will do in future. Answer by cable.

PALACIO ARMAND.

PERTH, N.B., January 23, 1924.

PORTMOSCO,

Havana.

12723 17022 McCain advises Manzer sold 8,000 last week 4.00 McCain instructed Manzer Sunday price now 4.10 and will not confirm less. Combine had opportunity buy cargo sailing 3002 3.85 last week and 4.00 this week please therefore cancel 4.00 price will quote market price when interested. Must sell 1,500 barrels 4.25 steamer Perene sailing about 26th if combine expect us buy Southgate's barrels now St. John we can buy Southgate's entire holdings St. John if you can sell barrels advise.

PERTH, N.B., January 23, 1924.

PALACIO,

Havana.

We didn't give Munson any instructions concerning any arrangements made with you we have given Munson boats preference at competitive prices and will continue to do so you are at liberty to make any arrangements you wish with Munson or any other steamship line we cannot however collect any commission on ocean freight for you as we get no commission ourselves. In order to fortify ourselves against competition we must reserve privilege of chartering at lowest rates available. Havana deal so far this season has been unprofitable as we are obliged to meet competition from Manzer's shippers and Southgate at this end.

PORTER.

HAVANA, January 23, 1924.

PORTER,

Perth, N.B.

Manzer has cabled saying his steamer loading yesterday sailing to-day is this truth also says sold 9,000 sacks 4.00 sailing 30 and has a confirmation from shippers and according to your advices they can't have a sailing 30th how about this. Don't want cancel entire New York agreement but want to cancel your rebate only in view of circumstances that you are making money and we will keep on losing if Manzer sells full cargoes independents.

PALACIO ARMAND.

HAVANA, January 24, 1924.

PORTMOSCO,

Perth, N.B.

17124 12723 confidential Palacio Armand strongly protest Manzer's sailing independents 30th claim against agreement demand Manzer's sailing delayed till 1214 after our 0406 do utmost fear otherwise. Combine would take a thousand barrels only 046 sailing 4.25 consign 500 balance Perene 4.25.

PERTH, N.B., January 24, 1924.

PALACIO,

Havana.

Manzer's steamer Ringborg has not yet sailed from Boston our steamer Perene sailed from New York noon to-day May possibly arrive St. John before Ringborg although



Manzer's steamer should sail first according to schedule. In view previous advices understood you required further sailing 2931 chartered Munson steamer Songa accordingly will endeavor to arrange Songa sailing few days ahead Manzer's sailing advertised 30th.

PORTER.

PERTH, N.B., January 24, 1924.

PORTMOSCO,

Havana.

12824 17123 confirm combine 10,500 Carcas 500 sacks 4.00 sailing 0104 Munson steamer Songa already chartered sailing 2931 will try delay few days but must sail before McCain's steamer advertised sailing 3102. Must have orders for barrels sailing our steamer Perene about 26th also Songa if combine expect us buy up Southgate's holdings here price differential 40 cents above sacks. McCain's steamer Ringborg has not yet sailed from Boston possibly our Perene arriving St. John before Ringborg reporting.

HAVANA, January 25, 1924.

PORTMOSCO,

Perth, N.B.

17325 rush Perene ahead of Ringborg.

HAVANA, January 25, 1924.

PORTMOSCO,

Perth, N.B.

17425 confidential Palacio Armand urgently request arrange sailing Perene ahead of Ringborg also Songa 0506 and McCain's boat not before 1012 do utmost please them.

PERTH, N.B., January 25, 1924.

PORTMOSCO,

Havana.

12925 17124 17325 will endeavor arrange Manzer's sailing 30th after our sailings Perene Songa will do utmost adhere to sailing schedule given Palacio which gives us three consecutive sailings after Manzer's sailing advertised 30th. Confirm combine a thousand barrels 4.25 sailing 0104 confirm consignment 500 barrels Perene 4.25 do utmost increase orders barrels Perene to enable us purchase Southgate's entire holdings St. John this very important. If combine want us block Southgate's operations here must have orders 2000 barrels Perene Songa. Ringborg arrived St. John to-day loading delayed account snow-storm probably sail Monday Perene expected St. John Saturday Sunday probably sail Monday Tuesday. Royal Bank advises Ratenbury drafts Amaral Carcas Jakob Maersk still unpaid understand these rejections handled by Palacio who guaranteed us 3.00 per sack c.i.f. please request Palacio pay drafts this basis immediately sending us account sales accordingly as we want to effect final settlement with Island shippers on Jakob Maersk's shipments.

HAVANA, January 26, 1924.

PORTMOSCO,

Perth, N.B.

17526 12925 try utmost arrange sailing Perene same day Ringborg or few hours ahead if possible this Palacio's earnest request. Absolutely necessary arrange sailing McCain's boat 1112 Palacio wants best price cargo to sail precisely following day to McCain's advise quick. Combine decline buying more barrels claim stocks heavy no demand. Ratenbury drafts paid basis 2.94 writing.

PERTH, N.B., January 27, 1924.

PORTMOSCO, Havana.

13027 17125 17425 17526 Ringborg loaded about 5,000 Saturday oblige stop loading account cold weather fear cargo already damaged. Perene expected arrive to-night but cannot load until weather moderates. Will ship combine barrels 500 Perene a thousand Songa 4.25 do utmost increase 2,000 barrels each sailing. Will do utmost to arrange sailings in line with Palacio Armand's request as far as circumstances will permit, but both steamers can't load at same time as have to load at same wharf understand combine booked United Fruit sailing ex Halifax 15th offer further cargo sacks 4.00 barrels 4.25 sailing as soon after McCain's as possible can't guarantee sailings within one or two days account weather conditions during winter but will do utmost to meet requirements of combine.

HAVANA, January 28, 1924.

PORTMOSCO, Perth, N.B.

Confidential Palacio Armand demand five cents package all future shipments to compensate their private disbursements and propaganda writing fully.

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HAVANA, January 28, 1924.

PORTMOSCO, Perth, N.B.

17628 wire confidential how late can you hold McCain's sailing after Ringborg also consignees Perene. Rush Perene utmost local demand barrels very poor.

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PERTH, N.B., January 29, 1924.

PORTMOSCO, Havana.

13229 17628 17629 Ringborg loaded 7,000 Saturday discovered frost damage and now discharging greater part of cargo to be re-conditioned Ringborg occupying wharf preventing our Perene from loading however expect load Perene 31 sailing 01 reporting will endeavour forward Perene and Songa before Manzer's further sailings. Will rush Perene all possible advising agents later. Amaral booked a thousand barrels 4.25 through Manzer do utmost secure more orders barrels. Confirm combine 10,000 4.00 sailing 1113.

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HAVANA, January 29, 1924.

PORTMOSCO,

Perth, N.B.

17729 17629 combine 10,500 Carcas 500 sacks 1113 sailing 4.00 confirm. If possible make sailing 1314 closed above sailing with understanding you delay McCains till 1112 absolutely necessary you arrange accordingly combine booked fruit sailing Halifax 15th to shut out Boston shippers.

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PERTH, N.B., January 30, 1924.

PORTMOSCO,

Havana.

13330 17729 17829 have booked combine 10500 Carcas 500 sacks 4.00 sailing 1113 this confirmation unconditional as cannot guarantee delay McCain's sailing until 1112 but will do utmost delay McCain's sailing all possible if this confirmation not satisfactory will accept cancellation to-morrow. Ringborg sailing to-night Perene starts loading to-night expected sail Thursday night.

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HAVANA, January 30, 1924.

PORTMOSCO,

Perth, N.B.

17930 combine very much displeased delay Perene claim have no potatoes now and will not stand you rushing four cargoes succession after. Claim also should not pay consequences Manzer's difficulties. Please do not wire Palacio Armand direct anything about sailing dates rush Perene utmost.

---

PERTH, N.B., February 1, 1924.

PORTMOSCO,

Havana.

13501 doing utmost arrange sailings as suggested your 18031. Perene sailed 3 a.m. to-day six miles out had collision with coal-laden schooner cutting schooner in two schooner sunk eight men lost Perene's life-boats with many others now searching bay for missing men. Perene expected continue voyage to-morrow a.m. Manzer pressing McCain combination for sailing 15th claims independents demand sailing 15th and if Manzer don't book business Southgate will therefore strongly recommend selling independents liberal quantity sailing 1113 on graduated basis overage for Palacio Armand account Southgate showing activities here feel sure will book cargo independents unless independent requirements booked by you urge quick action to block Southgate. Have forwarded total 1500 barrels Perene sell 4.25 upwards.

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HAVANA, February 1, 1924.

PORTER,

Perth, N.B.

Manzer says his next boat will sail Monday according to your arrangements and your advices Manzer's boat wouldn't sail before 13th wire quick if Manzer's information correct sales very dull account too many Cuban potatoes.

PALACIO ARMAND.



PALACIO,  
Havana, Cuba.

Manzer's boat not loading our Songa loading occupying potato wharf will do utmost delay Manzer's sailing till latter part next week.

PERTH, N.B., February 2, 1924.

PORTER.

PORTMOSCO,  
Havana.

13603 Perene with full cargo potatoes now libelled and held St. John awaiting investigation matter meantime Songa loading expected sail Tuesday don't think Manzer's steamer can start loading before Wednesday will cable situation daily.

PERTH, N.B., February 3, 1924.

PORTMOSCO,  
Perth, N.B.

18024 potato buyers insist specifying contract white table potatoes refusing accept Spaulding Rose instruct. Absolutely necessary hold Manzer's steamer till 11th to protect Perene Songa cargoes.

HAVANA, February 4, 1924.

PORTMOSCO,  
Perth, N.B.

18104 try best send Perene ahead Songa avoiding claims. Hold back Manzer's steamer all possible.

HAVANA, February 4, 1924.

PORTMOSCO,  
Havana.

13705 18104 18204 18304 Songa Munson sailed six p.m. to-day Perene investigation in session expect fate determined Wednesday advising. We consider Mountains, Cobblers Spaulding Rose in same category equal value percentage of Spaulding Rose will be small make no change in contracts. Will delay Manzer's sailing all possible. Cable when further sailing required.

PERTH, N.B., February 5, 1924.

PORTMOSCO,  
Perth, N.B.

18406 13705 combine don't deny good quality Spaulding Rose but retailers refuse buying claim besides Boston offering Spaulding Rose 25 cents below whites. Manzer claims Maersk sailing to-day advise reports also further sailing 15th combine inquiring.

HAVANA, February 6, 1924.

PORTER,  
Perth, N.B.

Rumors Manzer's steamer sailed yesterday further one to sail 15th advise at once.

PALACIO.

PALACIO,  
Havana.

Perene sailed 8.45 a.m. to-day Manzer's Kristen Maersk loading probably sail Friday McCain combination advise Manzer has cabled orders cargo sacks 4.25 sailing 15th doing utmost prevent McCain confirming sailing date 15th doing utmost arrange McCain sailing later date Manzer pressing McCain for sailing 15th on conditions mentioned our cable 13501 strongly recommend independents immediately liberal quantities sailing 1113 1921 to relieve independents Manzer's urgent pressure for shipment 15th otherwise fear Manzer's order cargo sacks 4.25 may encourage McCain to break contract with us which would demoralize all markets urge quick action to prevent McCain's breach of contract. Advise if more barrels wanted 4.40 sailing 1113. Holding option steamer sailing 1921 cable quick if sailing wanted. Offer cargo sailing 1921 sacks 4.15 barrels 4.55. Songa carries 11125 bags 1800 barrels sell barrels 4.25 upwards.

PERTH, N.B., February 7, 1924.

HAVANA, February 8, 1924.

PORTMOSCO,

Perth, N.B.

18608 consulted combine refuse allowing sales independents claiming their demand due market being held high by them menacing commerce fighting Manzer independents again spoiling probabilities profit for all balance season if McCain insists shipping our agreement. Recommend interviewing McCain and secure confirmation terms agreement otherwise all work lost. Wire immediately results meeting to answer Palacio Armand.

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HAVANA, February 8, 1924.

GUY PORTER,

Perth, N.B.

Independents anxious buy because we are holding market up for your benefit and ours but if McCain insist shipping our terms agreement we will break market as therefore commencing new fight and spoiling business for all concerned can't authorize part sales independents our steamers because independents will then buy all boats view margin or profits and will congest market. Absolutely necessary terms agreement be strictly followed by McCain yourselves to guarantee profit balance season otherwise ready for fight.

ARMAND PALACIO.

HAVANA, February 12, 1924.

PORTMOSCO,

Perth, N.B.

18911 Combine insist paying only 4.00 10,000 sacks 1921 view unfavourable local market and poor prospects coming weeks besides heavy stocks afloat and pending shipments to independents combine also local heavy grip now in market local market to-day dropped 50 cents selling 5.25 delivered answer quick meantime recommend closing charter 1921.

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PERTH, N.B., February 13, 1924.

PORTMOSCO,

Havana.

18913 19112 19213 our shippers have not yet made enough profit on Havana business to pay ten cents rebate per New York agreement. Still giving Manzer Southgate hard competition this end entirely shutting out Southgate in New Brunswick at present besides Manzer already sold cargo independents 4.25 while we quoted 4.15 gross 4.05 net which is big handicap and 20 cents below market. Under these circumstances unable to comply with Palacio Armand's request concerning private allowance but recommend sufficient sales to independents with overage to Palacio Armand to reimburse them. Very much appreciate Palacio Armand efforts in our behalf and will do utmost to assist them in holding control.

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HAVANA, February 13, 1924.

PORTMOSCO,

Perth, N.B.

19313 ours 19213 Palacio Armand evidently much displeased lacking extra profits having instead all responsibility arrangements. Recommend considering their request and suggest demanding for ourselves overage on 2,000 sacks sales independents each cargo. Urge diplomatic answer to quiet them down and avoid difficulties.

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ANDOVER, N.B., February 17, 1924.

PORTMOSCO,

Havana.

14517 1915 19615 Korsfjord cargo 11,000 sacks 818 barrels as follows Hatfield 400 Leon Gallagher 129 Clark 289 Suris sell 4.40 upwards. Distribute 6,500 combine 4.15 confirm besides 500 Carcas 4.15 Otero 375 Echavarri 375 Erviti 250 Sobrino 400 Gwinn 300 Fernando 500 sacks 4.25. Percentage Spaulding Rose will be small but taken into consideration enable us make low average price on cargo. Cable when will you require further sailing. According to agreement Manzer's cargo should not sail before 1921 but Manzer cabling McCain insisting his sailing before our 1921 doing utmost hold McCain combination to agreement but in view heavy buying from independents through Manzer due combine's refusal allow you sell liberal quantities independents are sailings 1113 1921 per our cable 13807 fear will be unable hold McCain to agreement McCain's Erholm expected St. John Monday our Adolf expected St. John 1920 have notified McCain delay Erholm sailing until after our Adolf otherwise renew old fight. Think Manzer causing all trouble by



insisting Erholm sail before Adolf boasting also being able sell at higher price than us thereby encouraging McCain to break contract. Manzer's first 4.00 steamer Kristen Maersk should arrive Havana to-day inform Palacio Armand of present situation and assist them all possible holding control against Manzer. Will advise earliest possible if McCain's boat sails first breaking agreement.

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PERTH, N.B., February 22, 1924.

PORTMOSCO,

Havana.

14921 19919 20020 Erholm sailed 11 a.m. 10,000 sacks potatoes seven cars hay. Erholm sailed out of proper time breaking agreement with McCain combination advise Palacio Armand. Did utmost possible hold McCain to agreement but could not apparently because of encouraging reports McCain received from Manzer watch Manzer's operations closely and report fully. Adolf loading expected sail to-morrow understand white fleet ex Halifax cancelled understand Southgate shipping 3,500 barrels ex Halifax tramp steamer next week. Expect quote to-morrow sailing 2829.

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PERTH, N.B., February 22, 1924.

PORTMOSCO,

Havana.

15022 both American Canadian markets higher advancing quote sacks 4.15 barrels 4.55 sailing 2829. View McCain combination breaking agreement will give Palacio Armand special price on competitive parallel boats but don't want cut price under present circumstances as Manzer trying arrange Government investigation claiming we have continually cut prices below him thereby reducing price paid Canadian farmer. In future can you arrange have Manzer quote Palacio in writing forwarding documents to us enabling us to show Government Manzer responsible for price cutting in Havana. Have opportunity book steamers 0506 1213 advise promptly if recommended.

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PERTH, N.B., February 25, 1924.

PORTMOSCO,

Havana.

15225 20222 United Fruit cases scheduled Boston March 31st secure all evidence possible. American Canadian markets advancing urge quick decision our quotation 15022 also advise quick concerning further sailings per 15022. Understand United Fruit steamer coming St. John March 1st taking 3500 barrels 2000 sacks for Southgate. Believe McCain combination weakening again think if sufficient pressure brought to bear your end during week and on arrival Manzer's Erholm believe could force McCain renew agreement again if desired by Palacio Armand.

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HAVANA, February 25, 1924.

PORTER,

Perth, N.B.

Manzer selling 4.15 sailing 5th we don't want steamers sailing March 3rd it is absolutely necessary you reduce price all possible as we are losing money and selling basis 3.60 c.i.f. and will hold this price long time to fight Manzer for his procedure with his shippers yourselves and ourselves but you must not charter next boat for sailing before 10th Boston offering American white potatoes 4.15 asking for 4.00 bids.

PALACIO.

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PERTH, N.B., February 26, 1924.

PALACIO,

Havana.

Yours 2325 forcing Manzer's shippers pay high prices this end eliminating profits. 4.15 best possible price selling all markets this basis and higher. If to your advantage will sail parallel steamers with Manzer's and will give you special low price on parallel boats. Keep Suris advised when sailings required and will try to arrange steamers as requested.

PORTER.

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PERTH, N.B., February 26, 1924.

PORTMOSCO,

Havana.

15306 20325 20426 4.15 best possible but will give Palacio Armand special price on parallel steamers with Manzer's. Forcing Manzer's shippers pay high prices this end eliminating profits. Try give us definite sailing date further sailings.

HAVANA, February 26, 1924.

PORTMOSCO,

Perth, N.B.

20526 Manzer breaking market offering independents 4.15 sailing 0305 can't sell 4.25 can you avoid Manzer's under-quoting.

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PERTH, N.B., February 27, 1924.

PORTMOSCO,

Havana.

15427 20526 20626 understand Manzer sold half cargo independents 4.15 sailing 0608. Must have immediate fast cable if sailing next week required. Cannot avoid Manzer under-quoting since Manzer recommended McCain combination break agreement with us. Don't sell terserolas Korsfjord below 4.25. Market firm.

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HAVANA, February 28, 1924.

PORTMOSCO,

Perth, N.B.

20827 combine absolutely declines paying more than 4.05 sailing 0102 view Manzer offering cargo 0304 any quantity 4.15. Palacio Armand recommended acceptance 4.05 view your offer special price on parallel sailings with Manzer. Suggest confirming 4.05 to compensate combine for Perene damage and heavy charges unclaimed stating this upon your acceptance. Combines intends forcing market down below cost upon arrival Adolf Erholm to discourage independents further buying figure their loss heavy. Await acceptance market to-day sacks 4.25 50 barrels 4.75 90 delivered.

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HAVANA, February 27, 1924.

PORTMOSCO,

Perth, N.B.

20927 confidential ours 20827 sent Palacio request but we recommend acceptance view facts please wire us follows will confirm 4.05 sailing 0102 to please combine and compensate Perene damage and expenses willing always co-operate with combinẽ.

---

HAVANA, February 28, 1924.

PORTER,

Perth, N.B.

Manzer taking offers from combine whites 4.00 rose 3.90 offer passed by Suris is in without consulting members am awaiting your answer as if they do not want to accept will sell to independents losing if necessary. Keep confidential answer A. B. C. code.

PALACIO.

PERTH, N.B., February 28, 1924.

PALACIO,

Havana.

The best we can do is 4.15 per package or bale sailing 0103 market continues very strong advise you to accept if Manzer is sailing within four days will allow you reduction of 25 cents per bag or bale.

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PORTER.

PERTH, N.B., February 28, 1924.

PORTMOSCO,

Havana.

Boston offering culls cheap picked out of Cobbler seed selling Boston to-day two dollars hundredweight bulk equivalent 4.50 c.i.f. this actual cost to Boston shippers Boston can't quote less on merchantable stock. 4.15 absolutely lowest price possible sailing 0103 American Canadian markets very strong expect higher prices recommend combine book quickly 4.15 otherwise cancel quotation and will quote market price later. If Manzer has parallel boat sailing within four days will allow combine reduction 25 cents bag. Making this liberal discount to compensate combine for cleaning large percentage Perene Korsfjord cargoes without presenting claims and to assist combine in meeting independent competition in case Manzer sails parallel boat.

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PERTH, N.B., February 29, 1924.

PORTMOSCO,

Havana.

15629 cancel quotations.



PORTMOSCO,  
Perth, N.B.  
21029 combine 11,000 4.15, 0103 do utmost confirm.

HAVANA, February 29, 1924.

PORTMOSCO,  
Perth, N.B.

21129 notified combine cancellation at meeting but claimed already accepted try do utmost confirm fear otherwise. If unable confirm 0103 confirm earliest possible date. Understand Manzer selling firm 4.05 whites 3.90 roses. Absolutely impossible sell barrels over 4.00 c.i.f. holding for 4.25 but fear conditions. No St. John sailing United Fruit next sailing ex Halifax 7th.

HAVANA, February 29, 1924.

PORTER,  
Perth, N.B.

Your wire cancelling quotation received during meeting after we had already accepted your price view your recommendation of good purchase and market conditions there. Anxiously await your acceptance otherwise seriously fear disgust among other members combine. Manzer insisting on arrangements with us but will only accept same conditions made by you with McCain. Manzer confirmed orders 4.05 and continues selling this price. Strongly recommend your quick acceptance to hold combine together.

HAVANA, February 29, 1924.

PALACIO.

PORTMOSCO,  
Havana.

15701 confirm combine 11,000 4.15 unconditionally 0103 clt. follows.

PERTH, N.B., March 1, 1924.

PORTMOSCO,  
Havana.

15801 21129 market higher but view Palacio recommendation and your opinion have confirmed unconditionally as regards parallel sailing. Munplace Munson sailing about six o'clock to-night. Southgate steamer Susanne Maersk sailing this afternoon 3500 sacks 3000 barrels Munplace faster but should arrive twenty-four hours ahead. Manzer's sailing not before 0812. Manzer's shippers report sold full cargo 4.15. Cable quick when next sailing required.

PERTH, N.B., March 1, 1924.

PORTER,  
PERTH, N.B.

Have made Manzer same proposition you have with McCain Manzer declined considering on passing it to McCain and that if McCain accepts he will not stand. Seems Manzer wants earn straight two thousand monthly which no doubt his shippers can't make nor any other firm with the prevailing competition. View Manzer's stand we would like know if McCain willing sell us his two cargoes as per agreement with you or oblige Manzer sell us 8,000 and 2,000 independents each sailing. If McCain refuse accept you will have to break agreement. We await McCain's immediate answer by cable.

HAVANA, March 7, 1924.

PALACIO.

PORTER,  
PERTH, N.B.

Want you allow combine 25 cents reduction since you received cable orders next sailing 1012 to compensate damage sustained on Perene cargo and to use against Manzer upon arrival Pluto. Manzer bragging he will break yours and our combination.

HAVANA, March 7, 1924.

PALACIO.

PORTMOSCO,  
PERTH, N.B.

22108 sold Palacio terserolas Korsjford 4.10 c.i.f. trade retailing terserolas 4.75 duty paid. Palacio paid 4.10 as special favour but refused bidding over 3.75 c.i.f. for terserolas Adolf view market conditions. All other buyers not interested due situation holding for better price reporting. Mailing direct Monday Boston lawyer valuable evidence suit against United Fruit.

HAVANA, March 8, 1924.

BOSTON, March 9, 1924.

PORTMOSCO,

HAVANA.

16409 21907 22007 Bakke sailing 10th. Have cabled Palacio that in view recommendation made by Clark Palacio and yourself to compensate damage Perene cargo and support combine against competition have instructed you confirm sailing 10th 4.00 providing immediate acceptance cable reply Guy Porter Parker House Boston Monday.

HAVANA, March 10, 1924.

PORTER,

PERTH, N.B.

We had instructed Suris book cargo sailing 0305 however he didn't give you these instructions and the result has been that Munplace arrived here Saturday five days prior to our expectations breaking all our hopes of raising prices here to get cost of potatoes but now will have to keep on losing 50 cents bag or more. We have rights to demand an allowance on Munplace for not sailing according to contract, but we will pass this claim up provided you book cargo of 10,000 sacks sailing 12th or later if possible at 2.80 which after all complies with your offer to bill 25 cents below Manzer's price four days sailing parallel and for heavy expenses for recleaning steamers *Erholm Korsfjord*. Manzer sold most of tomorrow's cargo 4.05. Answer.

ARMAND PALACIO.

PERTH, N.B., March 11, 1924.

PALACIO,

HAVANA.

Cannot make allowance account parallel sailings since agreement renewed limiting McCain's shipments to absolute minimum. Please accept our thanks for cabling McNiece McCain's Pluto sailed 7.30 a.m. Tuesday 11th 10,000 sacks. Very sorry can't quote Bakke below \$4 actual cost our market steady consider this exceptionally low price and good value as American market stronger to-day.

PORTER.

HAVANA, March 18, 1924.

PORTER,

PERTH, N.B.

Regret your insistence on four dollars but it is absolutely impossible to pay you more than 3.80 for steamer Bakke as this is above selling price here not to speak of heavy expenses incurred in re-cleaning Perene Korsfjord Munplace recommend your immediate answer avoid potatoes turn poor on dock. Quote lowest two steamers sailing 26th and 5th. All potatoes showing bad condition and badly cut by the plough see that this is avoided answer fast cable.

HAVANA, March 18, 1924.

PORTMOSCO,

PERTH, N.B.

22819 Bakke arrived combine held meeting to decide purchase have seen wires sent offering 3.80 will cable you to-morrow exact market situation and stocks besides conditions Bakke discharging to-morrow for you to decide acceptance or insist 4.00 c.i.f. Still holding 1320 sacks Munplace best bid combine 3.50 c.i.f. doing utmost to secure 3.75 or better reporting. Trade selling to-day delivered 4.25 40 large quantities 4.60 75 retail. Southgate offered combine cargo 4.10 sailing March. Manzer canvassing independents without price for steamer sailing 25 sold terserolas Adolf 3.75 c.i.f. best possible but Palacio insist claim if any account shippers.

PERTH, N.B., March 21, 1924.

PALACIO,

HAVANA.

Confidential Manzer reporting McCain we sold Bakke 3.80 breaking Havana market boasting always can sell freely 4.00. Feel 4.00 good value to-day's market and would consider it favour if you place order Suris immediately closing cargo 4.00 sailing 0305 to help me pacify McCain and hold agreement in force.

HAVANA, March 21, 1924.

PORTMOSCO,

PERTH, N.B.

23621 confidential succeeded convincing combine take in seven leading independents our cargoes feel sure Manzer can't sell full cargoes now. 23521 closed cargo 4.00 but combine insists 2829 sailing wiring distribution later including independents. Refer Palacio direct wire insist on 4.00 c.i.f. 0607 sailing.

PORTMOSCO,

HAVANA, March 21, 1924.

Perth, N.B.

23420 combine refuse paying over 3.80 recommend quick acceptance view potatoes not fit to hold on dock due stains. All dealers retailing freely basis 3.75 c.i.f. demand absolutely dead due local crop on market besides outport not buying presently. Manzer's boat unloading making yours worse. Combine wiring direct accepting 4.00 sailing 29 and bidding 3.90 sailing 7th recommend insist on 4.00 think will get it.

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PORTER,

HAVANA, March 21, 1924.

Perth, N.B.

Answering yours cannot accept sailing before 2829 absolutely necessary clean old stocks before new arrivals. In future combine doesn't want sailings ahead of dates fixed if necessary prefer two or three days later. Personally want to avoid all frictions regarding sailing dates. Manzer now offering cargo 4.00 without naming date any quantity. Believe will not be able place full cargo because principal independent shippers now with us this confidential. According agreement McCain's cargo should not sail till seven days after yours minimum should also be 10,000 packages wire any news this connection. Combine insist 3.90 sailing 7th do best answer.

---

J. A. PALACIO.

PORTER,

HAVANA, March 24, 1924.

Perth, N.B.

Combine accept cargo not to sail before 5th but buyers insist upon 3.90 advise you to accept have every reason to think they can 4.00 we will split the difference with you according to arrangement telegraph if you accept.

---

J. PALACIO.

PORTMOSCO,

PERTH, N.B., March 24, 1924.

Havana.

17124 24721 sold Palacio Bakke cargo 3.80 twenty cents below market price to compensate damage Munplace cargo as requested by cables from Palacio. Understand quantities Munplace cargo allowed remain on dock nearly two weeks thereby greatly increasing damage. Everything considered feel Palacio should not allow presentation any claims Munplace but to further compensate the combine covering any damage Munplace Bakke cargoes also to assist combine selling independents against Manzer's competition will accept 3.90 sailing 0507 subject reply Tuesday.

---

PERTH, N.B., March 24, 1924.

PALACIO,

Havana.

We thank you for proposition regarding overage per New York agreement but account arrangements we have made this end very sorry we cannot accept. Understand Munplace arrived 8th consider quantity allowed remain on docks nearly two weeks greatly increasing damage and understood by cables exchanged with you that low price 3.80 Bakke cargo accepted by us was to compensate you covering damage Munplace cargo and for this reason feel you should not allow any claims to be presented to us on Munplace cargo. 4.00 best price to-day's market sailing 0507 but to further compensate you against any damage and with understanding no claims will be presented Munplace Bakke cargoes and to assist you in selling independents against Manzer's competition will make price 3.90 subject acceptance Tuesday.

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PORTER.

PERTH, N.B., March 24, 1924.

PALACIO,

Havana.

We could not believe McCain had sailing 2930 until his steamer actually arrived St. John we then forced McCain admit breaking agreement and cabled information earliest date possible have lost all confidence in McCain will make no further agreements with him. Believe Manzer's strong recommendations induced McCain break agreement taking mean advantage, but he has failed us for the last time. Southgate inactive here very limited stocks unless he buys stock from McCain combination our combination have none to sell Southgate.



PERTH, N.B., March 28, 1924.

PORTMOSCO,

Havana.

17628 McCain's steamer Stal sailed to-night 7500 sacks understand McCain instructing Manzer sell further cargo sailing 1012 advise Palacio to assist him all possible.

HAVANA, March 29, 1924.

PORTMOSCO,

Perth, N.B.

25029 have closed 10,000 1012 3.85 don't disclose price to any either Estey McCain make believe cargo sold 4.00 are sending additional wires this respect.

PERTH, N.B., April 6, 1924.

PORTMOSCO,

Havana.

18206 25805 25905 advise selling consignments Wagland 4.00 if can't do better. McCain reports selling 7,000 sailing 1215 Manzer now trying arrange with Southgate to forward 4000 barrels to complete cargo. We could carry Southgate shipment barrels if combine consider advisable to block Manzer.

HAVANA, April 5, 1924.

PORTMOSCO,

Perth, N.B.

25905 Wagland expected to-morrow Manzer's boat Monday market weak due arrival both boats same time enabling place consignments better than 4.00 c.i.f. trade retailing basis 4.15 25. Blocking Manzer utmost think will not be able sell cargo rumors dock strike Monday reporting.

HAVANA, April 9, 1924.

PORTMOSCO,

Perth, N.B.

26109 dock strike began to-day believe will continue at least all week. Manzer has at Atares wharf about 5,100 sacks from Stal majority not yet paid understand Manzer guaranteeing damage at time of hauling once strike over. Manzer's Stal arrived Saturday afternoon his customers hauling only 2,700 sacks till last night before strike while our consignees Wagland hauled 12,500 without claim although our boat arrived Monday noon two days later. Consider loss Manzer's shippers heavy if strike continues.

HAVANA, via St. John, April 13, 1924.

PORTER,

Perth, N.B.

As Saturday combine members not here but accord with your indication I accepted Manzer's offer. Will wire result later.

PALACIO.

PERTH, N.B., April 14, 1924.

PALACIO,

Havana.

Think you have made excellent purchase hope you can now advance your market to get good profit.

PORTER.

HAVANA, April 28, 1924.

PORTER,

Perth, N.B.

Have bought Manzer 6,000 sailing 3.85 which you quoted 40 cents higher Manzer trying sell us another 6,000 sailing 8th 3.85 are you going let Manzer get all our business we are very disappointed at your attitude after our having struggled so hard all year against Manzer now you are letting him start doing business with our combination and when you want to stop him selling us will be too late wire quick if you can sell 3.85 sailing 0810.

ARMAND PALACIO.

HAVANA, April 30, 1924.

PORTMOSCO,

Perth, N.B.

28430 while you are being bluffed by McCain Manzer confirmed combine 3.90 cargo steamer sailing May 2nd and working further cargo May 8th May 10th your wire 19596 not yet shown rush confirmation.

PORTMOSCO,

Havana.

21517 30916 have always been forced accept lowest market price on previous consignments regardless sale price of cargo therefore insist you sell Gallagher's 600 sacks Porter's 650 sacks 4.50 upwards. Satisfactory sell Gallagher's 102 barrels Bliss 4.00 give combine preference otherwise sell elsewhere. If you can't sell these prices we can McCain's Veronic expected sail to-night.

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PERTH, N.B., May 17, 1924.

PORTER,

Perth, N.B.

All members combine very displeased account quality potatoes much inferior to Manzer's these worth 50 cents more however we paid you 40 cents more on one steamer and 10 on other and you now want ten cents more than him and unless you confirm 3.90 we will be compelled buy Manzer sailing 28th. We have not informed combine of your 4.00 price because they would surely have bought from Manzer who is very anxious offering us three cargoes for June therefore if don't want lose business we recommend accept 3.90 answer.

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HAVANA, CUBA, May 23, 1924.

ARMANE PALACIO.

PORTMOSCO,

Perth, N.B.

31324 Sydfold arrived two thousand unloaded buyers strongly complaining Spaulding Rose expect difficulties claiming Manzer's cargo A1 market weak and declining due large arrivals. Manzer offering combine firm 5,000 sacks 3.90 sailing 2830 combine insist on sailing 0103 claiming other members combine refuse paying more than Manzer advise. Fear poor market next two weeks. Palacio request information regarding stocks your hands and McCains please advise.

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HAVANA, May 24, 1924.

PORTMOSCO,

Havana.

21926 31324 31425 see cable Palacio confirming price 4.00 best possible or 3.90 without rebate. McCain reports Manzer sold cargo 4.00 sailing 2830 except portion offered combine 3.90 on which portion Manzer waives brokerage 10 cents. Boston market stronger to-day. Refer our 21722 and see that American assessment duty is made on 784 barrels American potatoes Porter shipped Palacio via Korsjford. Estey also shipping on McCain's next sailing.

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PERTH, N.B., May 26, 1924.

PALACIO,

Havana.

Our shipments same average quality as other shippers and much more carefully packed. We quoted 4.00 on 22nd for immediate acceptance you reported Manzer's price then 4.00 and accepted our cargo 4.00 which we confirmed and considered purchase closed. Manzer reports McCain cargo sold 4.00 except portion offered you 3.90 on which Manzer waived his brokerage ten cents against shippers. However our 4.00 price works out much cheaper to you than Manzer's 3.90 but if you insist will make price 3.90 with no rebate could possibly secure one more cargo if price satisfactory McCain could possibly secure one more only.

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PERTH, N.B., May 26, 1924.

PORTER.

PORTER,

Perth, N.B.

Regret unable please you combine insist 3.90 sailing 0506 market demoralized declining.

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J. A. PALACIO.

HAVANA, May 27, 1924.

PERTH, N.B., May 27, 1924.

PORTMOSCO,

Havana.

22027 confirm cargo 3.90 sailing 0103 this last cargo this season unless price more attractive selling local at higher prices.

PERTH, N.B., May 31, 1924.

PORTMOSCO,  
Havana.

Answering Paco's cable consider P.E.I. cargo improbable this season. Refer our personal letter to you March 1st mail complete statement potatoes bought from outsiders by combine to date imperative—this statement required before settlement with combine covering season's business. Pleased to learn Paco coming north and extend cordial invitation visit me when convenient keep me posted your whereabouts weekly. Bibs and I planning spending July and August in Europe.

HAVANA, June 5, 1924.

PORTER,  
Perth, N.B.

Suris advises that you don't have any cargoes to offer and that prices had gone up is this true. Manzer informs that he has two more cargoes which he offers 4.00 please inform me your ideas.

J. A. PALACIO.

PERTH, N.B., June 5, 1924.

PALACIO,  
Havana.

Have nothing more to offer this season selling out locally equivalent 5.00 c.i.f. Havana strongly recommend you buying Manzer two cargoes 4.00 consider Korsjford barrels consigned good trade 4.35 advise.

PORTER.

PERTH, N.B., June 9, 1924.

PORTMOSCO,  
Havana.

22207 understand Manzer McCain sold cargo 4.00 sailing about 14th understand McCain now trying squeal and not ship account local market equal 5.00 c.i.f. suggest showing up Manzer's McCain's method to Havana buyers. Adolf Munson sailed 3.30 p.m. 10,332 packages this completes sailing this season do utmost place barrels 4.35 quickly this exceptionally good value advise.

HAVANA, June 27, 1924

PORTMOSCO,  
Perth, N.B.

33519 Palacio inquiring when you sailing Europe and expect return. Armand inquiring when rebate cheques be mailed. Have sent detailed statement combine's purchase from competition Palacio suggest you holding McCain down till you return to arrange meeting for next season's plans.

PERTH, N.B., July 12, 1924.

PALACIO,  
Havana.

Please forward statement of all potatoes handled by all members of your combine from firms other than those in our combination from Prince Edward Island and New Brunswick during past season per our New York agreement.

PORTER.

HAVANA, July 14, 1924.

PORTER,  
Perth, N.B.

Bought from Manzer following shipments steamer Varg 2650 barrels Bliss steamer Commercial Scout 7,000 sacks 4,000 barrels Bliss Steamer Hadersley 1,000 barrels Bliss steamer Olaf 8,000 sacks steamer Steinstad 6,000 sacks total packages 28,659 send draft balance National City Bank, New York, instructing them credit Arturo Armand private account wire when cheque mailed.

PALACIO.

HAVANA, July 14, 1924.

PORTMOSCO,  
Perth, N.B.

33714 have ascertained confidential following additional combine purchases from Manzer Ivernia Amaral 500 Ringborg Amaral 3,000 Almora Amaral 1500 Winnicome Amaral 500 Gefionvarila 1,000 total 6,000 sacks more. Yours 22912 await letter.



PORTMOSCO,  
Perth, N.B.

Combine want best price 5,000 barrels Bliss shipment first week October understand Manzer working already Bliss sales. Combine inquiring when you expect shipment first cargo sacks.

HAVANA, August 22, 1924.

PORTMOSCO,  
PERTH, N.B.

34528 have sold combine 8,000 3.25 10th-15th.

HAVANA, August 28, 1924.

GUY G. PORTER CO., LTD.,  
PERTH, N.B.

Telegram received will ship to-morrow Friday thanks.

MONTREAL, August 28, 1924.

CONSUMERS SACK SUPPLY COMPANY.

GUY G. PORTER,  
PERTH, N.B.

Answering McCain says he never thought of putting Pirie out their combine but they have some difficulties pending settlement of last year's business which he wants settled before new season starts and we feel McCain is right. We feel you have a wrong opinion of McCain's methods as we know he is acting under good faith. Boston market much lower also Long Island is Canadian market lower.

NEW YORK, September 23, 1924.

JOSE PALACIO.

J. A. PALACIO,  
McAlpine Hotel,  
NEW YORK CITY.

GRAND FALLS, N.B., September 25, 1924.

Up to sending this message McCain has refused to allow us to ship any portion of business received from you for sailing this week. Understand you asked for explanation from McCain and he claims some differences pending on last year's business. About four weeks ago these differences were placed in the hands of a board of arbitrators for settlement and their decision will be final this arbitration agreement is covered by written agreement signed by McCain and ourselves and witnessed by Guy Porter who arranged the arbitration between us. Unless pressure is brought to bear on McCain by you and Manzer giving us our proper percentage another combination will be formed within forty-eight hours after this boat sails by Paterson, Estey ourselves and others we will send our own representative from here to work in conjunction with a Havana broker. We exceedingly regret to have season's arrangements spoiled and will do everything humanly possible to avoid rupture but positively will not allow McCain ignore our rights on this first boat just because the cable containing the order was sent to McCain and McCain chartered boat in his own name shall be pleased to hear from you if interested.

WILLIAM PIRIE & SONS.

ARTURO ARMAND,  
McAlpine Hotel,  
NEW YORK CITY.

PERTH, N.B., September 26, 1924.

Smith, Limited, just asked us for space 1800 sacks on our sailing 1st 3rd which of course we refused United Fruit advised Smith, Limited, no space available via Halifax 10th. Consider you acted wisely in booking all available space via Halifax shall be pleased to quote sacks or barrels f.o.b. Halifax to fill your requirements if requested. Paco expects arrive McAlpine Tuesday.

GUY G. PORTER.

FRANCISCO SURIS,  
McAlpine Hotel,  
NEW YORK.

PERTH, N.B., September 29, 1924.

McCain's steamer *Ulbis* sailed to-night. McCain put on 4300 sacks and shut Pirie out of any part of ten thousand sack order this is just what we anticipated several days ago and notified Palacio Armand accordingly understand Pirie is calling meeting latter part this

week to organize new combination including Estey Smith Limited Raymond Devot and others believe Pirie's chief object in organizing new combine is to avoid domination of McCain as Pirie told me he believed season's arrangements were good and was willing to work in accordance with our arrangements until McCain refused to give him any part of ten thousand sack order. We believe season's arrangements are seriously jeopardized and that third combination created by Pirie will be in operation within ten days unless Armand can settle matters between Pirie and McCain immediately. I am not making any suggestions as I did last week but simply reporting the situation as see it.

GUY G. PORTER, LIMITED.

PERTH, N.B., October 4, 1924.

PALACIO,  
HAVANA.

McCain group broken by Pirie and Paterson being frozen out by reduced allotments they are working on formation third combination. We assume your St. John agreement was with McCain group as constituted at that time we suggest you notify McCain that unless his group maintaining original personnel and allotment your agreement with them is void and their allotment reduced by amount of Pirie and Paterson proportions namely four-ninths this suggestion made to avoid irreparable rupture.

HAVANA, VIA ST. JOHN, N.B., October 6, 1924.

PORTER,  
PERTH, N.B.

McCain wire Manzer we are losing business and Estey shipping more than you this is your own fault if you want keep high price and make profit when we are losing money and still will push price down order eliminate buyers. We give Suris offer 2.50 at this price we bought Virginias and can buy quantity try meet this price.

PALACIO.

PERTH, N.B., October 7, 1924.

PORTMOSCO,  
HAVANA.

1807 Estey steamer booked 1518 has sold 6000 sacks 2.75 our season's arrangements obviously big handicap as combine expect us sell below competitors prices and still allow rebate.

HAVANA, October 7, 1924.

PORTMOSCO,  
PERTH, N.B.

4107 closed 1012 2.50 with 11,000 sacks also pending Bliss distribution following. Combine wants further boat St. John same price 2931 meantime arrange McCain yourselves 7,000 sacks October 24 United Fruit Halifax 2.50 cabling railway freight differential view urgency shut out space owing independents offering 5,000 same steamer 2.50. Combine struggling kill competition making strenuous efforts this end expect full support your side rush answer.

PERTH, N.B., October 9, 1924.

PORTMOSCO,  
Havana.

2209 yours 4107 4202 offer sacks 2.65 white fleet 24 this equivalent 2.50 via St. John account differential freight in order for us hold season's arrangements with McCain request Palacio place order with us and we will divide with McCain group basis two-thirds ourselves one-third McCain this important fear trouble otherwise.

CHARLOTTETOWN, P.E.I., October 15, 1924.

GUY G. PORTER Co., LTD.,  
Perth, N.B.

Replying wire 10th letter 9th farmers depending on us and we must do something move some potatoes from here Canadian Government Merchant Marine carrying seed for association Charlottetown to Norfolk at 60 cents and feel sure we can get them for Havana about same basis if could get freight rate about 70 cents and you could sell one or two cargoes half reds balance whites at 2.50 c.i.f. think could work. Starch factories cannot handle offerings and have dropped price to 35 cents per hundred pounds delivered at factory think could buy at 85 bag at loading point which should give us 25 cents bag please answer.

R. E. MUTCH & COMPANY.

PERTH, N.B., October 16, 1924.

R. E. MUTCH & COMPANY,  
Charlottetown, P.E.I.

Your night letter 15th received we are doing our best to figure out some way to handle a cargo or two of your Island potatoes but the situation looks difficult meantime we dropped our price here to-day to 50 cents per barrel to farmers and even this decline in price didn't check delivery from farmers think you will have to buy cheaper than you mention your wire to do business but will telegraph you again as quickly as we can find an outlet at profit.

PERTH, N.B., October 17, 1924.

PORTMOSCO,

Havana.

2818 confidential anxious secure all further Bliss orders this season quote further Bliss 3.50 c.i.f. shipment as required if unable secure business this price submit best offers but watch carefully and don't let competitors secure further business by underquoting or other methods.

PERTH, N.B., October 20, 1924.

PORTMOSCO,

Havana.

5220 for your confidential information Boyce offering c.i.f. 3,000 sacks 2.25 November seen cable it is rumored that Smith, Limited, are asking 2.35.

PERTH, N.B., October 29, 1924.

PORTMOSCO,

Havana.

3629 sorry can't accept 2.40 best possible 2.50 acceptance to-day selling England this basis.

HAVANA, October 29, 1924.

PORTMOSCO,

Perth, N.B.

6629 Palacio states ready buy from us equivalent prices but no more according St. John agreement think you are making big mistake allowing Estey get business unless you are able corner him. Think you should get highest price when no competition but must meet competition when in market. Palacio admits buying Estey two cargoes. Combine losing confidence your group whereas Estey can underquote you. Manzer reports Adolf Bratt sailed yesterday wire immediately total sacks barrels also details Bliss consignments.

PERTH, N.B., October 30, 1924.

PORTMOSCO,

Havana,

4030 can think of no reason why we should sell Palacio ten cents below present market when he has apparently been working against us. If Palacio has bought two cargoes from Estey we prefer cancelling St. John agreement and sell indiscriminately eliminating all rebates. Havana market no good to us if by St. John agreement rebates we are forced to sell at loss. Under present arrangements we are holding umbrella for outside competitors like Estey Smith Limited Boyce. We are prepared to meet this outside competition but before doing so will cancel rebate arrangements reducing fixed charges and sell indiscriminately.

HAVANA, October 31, 1924.

PORTMOSCO,

Perth, N.B.

6931 closed further combine 11,500 2.50 sailing November 26th rush confirmation.

PERTH, N.B., November 7, 1924.

PALACIO,

Havana,

Do you think it advisable for us to break up our joint arrangements with McCain combination. We cannot now work on same percentage with McCain group account there being two other groups in the field. If you mean by your cable that this is suitable time to cancel St. John agreement and all other arrangements made this season personally



I recommend cancelling St. John agreement and all other arrangements made this season. We could then form new Porter combination make new arrangements with you eliminating present arrangements with McCain which would be more advantageous to you and ourselves.

PORTER.

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HAVANA, November 7, 1924.

PORTCLARK,

Perth, N.B.

Adolf finished discharging this morning cargo in good shape your mark shows many small spots repacking any necessary but damage slight expect avoid claims agent Pirie here said they were loading steamer 20th claims your group may dissolve and that Smith of your group same as Smith Limited using both names for business reasons claims McCain group busted without Pirie and Paterson you have Palacio with you at the present time would urge you to keep him advised just how conditions are about 2000 Adolf cargo hauled from dock to-day.

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HAVANA, November 7, 1924.

PORTMOSCO,

Perth, N.B.

7307 Antonio Perez demands his allotment from Nelles and Clark as usual. Confidential claims firm being assured Smith making indirect sales through Smith Limited wants you investigate rush consul certificate concerning 186 American Bliss Adolf Bratt certifying American potatoes transit St. John for export understand Smith Limited sold about 1500 sacks 2.75 sailing 20th but Brennan acting for Pirie and Boyce unable sell their allotment this basis trying get his for total cargo wire news urge McCain decision cargo to sail next two.

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HAVANA, November 10, 1924.

PORTMOSCO,

Perth, N.B.

7610 Sagaland arrived Korsfjord expected to-morrow market down trade retailing 2.90 delivered. Confidential Palacio waiting news. Urge some decision to check activities Estey Smith Boyce Pirie anxiously await instructions also reply ours 7508.

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PERTH, November 9, 1924.

PORTMOSCO,

Havana,

5011 7307 concerning 188 American Bliss consular invoice bill lading all certified American grown potatoes Furness Withy St. John forwarding you certified copy customs in transit entry showing these potatoes in transit via St. John for export. Yours 7610 we believe McCain responsible for present situation and pointed out way to Palacio in New York to avoid these difficulties but our suggestions were not entertained. We are now quite content to allow McCain and Pirie to finish their scrap.

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HAVANA, November 11, 1924.

PORTMOSCO,

Perth, N.B.

7711 combine bought Pirie Boyce's cargo through Brennan where do we come in recommend action.

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HAVANA, November 11, 1924.

PORTMOSCO,

Perth, N.B.

7811 fail understand your recommending Palacio buy Pirie's Boyce's cargo 2.40 while McCain trying sell 2.50 equivalent 2.40 McCain now set back and we nothing sold this month. Combine bought 879 sacks McLeod Smith 2.25 combine retailing 2.90 sacks 3.65 Bliss delivered.

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HAVANA, November 14, 1924.

PORTMOSCO,

Perth, N.B.

8014 McCain reports St. John agreement cancelled await instructions.

PALACIO,  
Havana.

PERTH, N.B., November 14, 1924.

Please take notice we hereby cancel St. John agreement.

PORTER.

PORTMOSCO,  
Perth, N.B.

HAVANA, November 14, 1924.

8214 wire news if all arrangements cancelled could sell independents 1820 cargo. Combine cargoes sailing 13th 16th 22nd 28th independents none. Rush prices 0406 1012 must ask quick please post us promptly.

PORTMOSCO,  
Perth, N.B.

HAVANA, November 14, 1924.

8114 inform me by wire if you are negotiating with untrustworthy understand untrustworthy is getting private telegram news hidden from me fear are negotiating with McCain what do you advise in the meantime are winning customers start drive at any moment telegraph promptly developments.

PORTMOSCO,  
Havana.

PERTH, N.B., November 15, 1924.

5115 confidential we cabled Palacio Friday as follows please take notice we hereby cancel St. John agreement we decided this action necessary as under St. John agreement combine bought more potatoes from competitors than from us. We are now operating entirely independent of any arrangements whatever and are now open to make new arrangements to secure greatest volume business possible. Suggest you offer Palacio Armand jointly three cents per package commission on all business booked by them with understanding that Palacio Armand give us refusal on combine's orders at equal prices. Ascertain if this proposition acceptable to Palacio Armand and cable promptly advising will then quote on requirements. Treat this matter strictly confidential and don't allow this cable to leave your hand.

PORTMOSCO,  
Havana.

PERTH, N.B., November 15, 1924.

5215 we find all confidential information we give Palacio is given to Manzer be careful.

PORTER,  
Perth, N.B.

HAVANA, November 15, 1924.

Your cable received will advise combination. I am ready to help you out for the benefit of business awaiting your further proposals in order to guide ourselves. Waiting this news clearly by Bentley's code. I am advised that Smith Pirie and Boyce will send cargo for the independents but 6,000 sacks unsold Pirie sold us cargo to sail 2022 it seems they want now ours to sail 2526 probably will cancel it if they don't ship cargo as agreed 2022. Quote prices.

PALACIO.

PORTMOSCO,  
Perth, N.B.

HAVANA, November 15, 1924.

8315 await news confidential understand Brennan appointed F. Garcia Company agents for new combination of Boyce Smith Limited Pirie Paterson Devore agents closely connected combine. Best bid Bliss Amaral 2.75 try and get after retail reporting. Recommend action awaiting your new plans. Quote 700 barrels Spaulding Amaral next sailing.

HAVANA, November 17, 1924.

PORTMOSCO,  
Perth, N.B.

Discussing arrangements meantime untrustworthy wants it lowest cargo steamer sailing November 27th to cancel and substitute cargo booked from Pirie immediate reply to-day

PERTH, N.B., November 17, 1924.

PORTMOSCO,  
Havana.  
5317 2.50 2729.

HAVANA, November 17, 1924.

PORTMOSCO,  
Perth, N.B.

8417 untrustworthy would accept five cents jointly instead of three cents allowing Manzer one-third business eliminating his competition. Price independent sales on behalf of combine to replace ten cents drawback cancelled combine to give you refusal orders.

HAVANA, November 17, 1924.

PORTER,  
Perth, N.B.

We have received the following cable 5215 we find all confidential information we give Palacio is given to Manzer be careful. Answering we wish to state that you are completely wrong and that all confidential news from others have been given to you I am always the same.

PALACIO.

HAVANA, November 17, 1924.

PORTMOSCO,  
Perth, N.B.

8517 yours 5215 addressed to Palacio in error writing. While discussing arrangements please rush prices 0406 1012. 8417 submitting best terms obtained after discussing untrustworthy explained necessary take Manzer in but obliging him take other shippers besides McCain and Woodstock group perhaps Pirie Smith Limited. Also explains independents' overage just inducement other members combine view cancellation ten cents off ours but won't amount to anything.

HAVANA, November 19, 1924.

PORTMOSCO,  
Perth, N.B.

If you can't come to understanding untrustworthy telegraph if you are ready commence immediately fight eliminating all competition starting fixed weekly schedule sailings using Munson line no rebate off freight will sell all hands can give you additional freight about 2,500 bags onions every steamer next two months also hay strictly confidential Manzer claims have no news of McCain.

PERTH, N.B., November 19, 1924.

PORTMOSCO,  
Havana.

5619 8417 8517 8619 willing allow Manzer McCain one-third providing Manzer McCain take on Pirie Paterson Smith Limited eliminate competition third group which was organized entirely as result McCain's refusal allow Pirie ship his allotment on first cargo otherwise can't agree give Manzer McCain one third business. Can't agree pay untrustworthy over three cents jointly but would not object independent overage going to combine to offset ten cents allowance cancelled providing they give us refusal on their business at equal prices. If these terms not satisfactory untrustworthy prefer operating as free lance selling independently.

HAVANA, November 17, 1924.

PORTMOSCO,  
Perth, N.B.

8719 strictly private rumored Palacio working brokerage firm on the side secured Pirie's agency ascertain advise confidential.

PERTH, N.B., November 20, 1924.

PORTMOSCO,  
Havana.

5711 Southgate's steamer Gunarheiburg ex Charlottetown 15th approximately 11,000 sacks 550 barrels Estey's steamer Walter Munson ex St. John approximately 12,000 sacks.



McCain's steamer Giflon now loading St. John 11,500 sacks. Smith Limited steamer Gunny sailing 22 approximately 13,000 sacks. Pirie's steamer Eviva expected sail 2627 approximately 12,000 sacks. Understand Estey announced further sailing December 1st Smith Limited announcing further sailing December 5th. Suggest you secure decided answer our 5619 immediately as we intend to sell either combine or independents without further delay.

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PORTMOSCO,

Havana.

5821 Halifax 265 acceptance to-day must have decided answer from untrustworthy to-day.

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PERTH, N.B., November 21, 1924.

PORTMOSCO,

Perth, N.B.

Untrustworthy cabling ultimatum McCain take in combination Smith Pirie to continue one-third two-thirds arrangement if they don't agree negotiations will be finished with every probability untrustworthy dropping combine here favouring us also sales independent inquiring compensation for supporting you suggest offer them three cents and also independent overage reply immediately your decision.

---

HAVANA November 21, 1924.

PORTMOSCO,

Perth, N.B.

9022 arrange immediately cargo steamer sailing November 30th 1st December combine has taken 5000 selling balance independents blocking two cargoes Southgate's 1st December 5th December Smith Limited 9th December figuring 2.50 prices but combine want you do better helping fight competition quote immediately further two cargoes 5th December 12th December.

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HAVANA, November 22, 1924.

PORTMOSCO,

Havana.

5922 8921 decision must come from Manzer McCain. Willing work basis our 5619. If untrustworthy decides drop combine will make untrustworthy preferred customers and take chances selling balance cargo indiscriminately. Quote sacks 2.50 barrels 2.85. Can secure Munson sailing 0102 if immediate reply Monday morning fast cable.

---

PERTH, N.B., November 22, 1924.

PORTMOSCO,

Havana.

5023 9022 confirm combine 5000 sacks 2.40 to assist untrustworthy sailing about 0102 sell balance independents 2.50. Quote combine two sailings further 5000 sacks 2.50 sailings about 0608 1113 sell balance independents 2.60.

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PERTH, N.B., November 23, 1924.

PORTMOSCO,

Perth, N.B.

9224 quote lowest Amaral a thousand barrels genuine seed Bliss shipment second half December 6032 confirm combine 5000 2.40 independents 3000 2.50 sailing 0102 details later working further. Confidential Manzer suggesting McCain take Estey instead of Pirie to work arrangements suggest if agreeable you take matter up with McCain Estey advise. untrustworthy considering 5619 proposition advising.

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HAVANA, November 24, 1924.

PORTMOSCO,

Havana.

6125 9224 quote Bliss seed barrels 3.25. Rush balance orders 2.50 sailing 0102. Don't want any more arrangements with McCain unless on basis our 5619 as we consider McCain responsible for breaking up season's arrangements.

PERTH, N.B., November 25, 1924.

HAVANA, November 25, 1924.

PORTER,

Perth, N.B.

Believe Suris is informing you of what we are doing here think that you are satisfied  
Wire quick when will Boyce's Smith's steamer sail.

PALACIO.

HAVANA, November 25, 1924.

PORTMOSCO,

Perth, N.B.

9425 wiring to-morrow distribution 0102 sailing meantime doing utmost block cargoes  
Southgate Ch'town 0102 Smith Limited St. John 0405 Estey St. John 0607 selling independent  
all prices for account combine reporting further. Rush confirmation Armand Perez Halifax  
28. Wire exact sailing Gunny Eviva.

HAVANA, November 25, 1924.

PORTMOSCO,

Perth, N.B.

9325 combine accepts 5619 terms untrustworthy three cents with reference to rebate  
liquidation November 10th recommend you rush remittance making very good impression  
in view of combine losing confidence in McCain.









HB-23-4-65.





